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Algeria ... 400 Dr. Israel ... 14,122,000. Norway ... 7,000 ALR.
Australia ... 20 L. Italy ... 1,200 L. Oman ... 6,700 Rials
Belgium ... 45 B.F. Japan ... 450 F. Portugal ... 90 Esc.
Canada ... C. 100. Kenya ... 500. Saudi Arabia ... 100 R.
China ... C. 100. Libya ... 500. Spain ... 110 Pes.
Denmark ... 8,000 D. Pakistan ... 35.00 Sweden ... 110 Skr.
Egypt ... 100 P. Poland ... 45 L. Switzerland ... 200 SF.
Finland ... 100 F.M. Portugal ... 120 Esc. Turkey ... 100 Lira
France ... 100 F. Puerto Rico ... 25 Cents. U.S. ... 100,000
Germany ... 220 L. Morocco ... 500 D. UAE ... 6,500 Dhs.
Greece ... 80 Dr. Netherlands ... 275 G. US Mkt. (Bar) ... 3025
Iceland ... 115 Kr. Nigeria ... 175. Yugoslavia ... 240 D.

ESTABLISHED 1887

Reagan to Go Ahead With Summit

Plans to Meet With Gorbachev Despite Surgery for Cancer

Compiled by Our Staff From Dispatches
WASHINGTON — President Ronald Reagan, continuing to recover from cancer surgery, authorized administration officials Tuesday to begin preparations for his planned summit meeting with the Soviet leader, Mikhail S. Gorbachev, in November.

The chief White House spokesman, Larry Speakes, said a 10-person team would leave Thursday to make arrangements in Geneva, where the summit meeting is to be held Nov. 19 and 20.

It was the first official word that President Reagan intended to go ahead with the summit despite the major intestinal surgery he underwent Saturday for the removal of a tumor that was found Monday to be malignant.

Mr. Speakes said President Reagan's doctors described him Tuesday as recovering well from the surgery, and displaying "excellent spirits."

"His condition is excellent," Mr. Speakes said, and his vital signs were within normal ranges."

Mr. Reagan's doctors told him Monday that the 2-inch (5-centimeter) polyp removed from his intestine Saturday was cancerous. But they said that there was no indication the cancer had spread and that it appeared unlikely that any remained.

They also said there was no apparent need for radiation treatment or chemotherapy.

Mr. Speakes said Tuesday that

Mr. Reagan had received a message of sympathy from Mr. Gorbachev. Nicaragua's president, Daniel Ortega Saavedra, was also among leaders who sent messages of encouragement, he said.

Vice President George Bush, who had been scheduled to leave Washington on Tuesday on a two-state political trip, instead stayed to serve as a stand-in for Mr. Reagan at meetings Wednesday and Thursday with members of Congress on the president's tax over-

haul plan.

Mr. Speakes said Mr. Reagan had a 20-minute meeting on Tuesday morning with White House chief of staff, Donald T. Regan.

On Monday, the president signed an executive order creating a commission to review defense contracting practices, Mr. Speakes said.

Mr. Reagan's doctors said Monday that he would probably be out of the hospital within seven or eight days and fully recovered in six to eight weeks.

Dr. Steven Rosenberg, chief of surgery at the National Cancer Institute, said that the surgery had provided Mr. Reagan with the best chance of being cured.

"There is greater than a 50-percent chance that the president now has no cancer whatsoever," he said. "The president's recovery is proceeding in a flawless fashion."

He said that cancer is not an unusual disease in men as old as Mr. Reagan, who is 74, and that he



Dr. Steven Rosenberg

always advises them to "resume their full and complete activity."

White House officials say that Mr. Reagan's schedule has been cut back but that he still plans to meet next week, at least briefly, with China's president, Li Xianren.

President Reagan, the oldest serving U.S. president, has three and one-half years left in his second four-year term.

Vice President Bush, who briefly was assigned Mr. Reagan's presidential powers Saturday when the president was under anesthesia, currently appears to be the front-runner for the 1988 Republican presidential nomination.

In transferring his powers, Mr. Reagan became the first president to follow procedures similar to those in Section 3 of the 25th Amendment of the Constitution.

(Reuters, UPI, NYT)

Experts Share Optimism on Rest of Term

By Susan Okie
and Cristine Russell
Washington Post Service

WASHINGTON — Medical experts interviewed about President Ronald Reagan's cancer agree with his doctors' assessment that there is a better than 50-50 chance that his tumor is permanently cured, but they add that the cancer's penetration into the muscle layer of the colon is a serious complication raising concern about his future health.

Some of the doctors interviewed expressed confidence that the president would finish his term without further evidence of cancer.

"He has an excellent probability that he will do very well during the remainder of his term in office," said Dr. Donald A. O'Kieffe, a Washington gastroenterologist affiliated with George Washington University. "He is not likely to be disabled within the next three years."

Others had a gloomier view. "It's not such a great report," said one National Institutes of Health surgeon familiar with the case.

"There's a 50-percent chance that the president is going to do well, but unfortunately a 50-percent chance that he is going to do poorly."

Several doctors said again Monday that Mr. Reagan's prognosis might have been better if the tumor had been discovered and removed 14 months ago, when the first polyp was discovered in his colon. Some experts had previously questioned why the president's physicians waited so long to give him a thorough bowel examination that would have detected the growth, which must have been in his colon for several years.

Based on the pathological grading of Mr. Reagan's tumor, which had invaded the muscular middle layer of the large intestine's wall, the president has about a 50- to 75-percent chance of surviving the next five years with no recurrence of his cancer. This would be considerably almost equivalent to a permanent cure, because only 5 percent of cancers recur after five disease-free years.

Experts said that the most disturbing aspect of the pathologists' findings was that the tumor had breached the "basement" membrane — the barrier that divides the inner lining of the large intestine from the middle layer.

"It clearly has begun some phases of invasion," said a National Cancer Institute pathologist. When a cancer penetrates below the basement membrane into the muscle, he added, "it enters the realm where blood vessels and lymphatic vessels are located."

Mr. Reagan customarily spends his time on these visits riding and clearing brush, vigorous activity for anyone recovering from a major operation. The president is expected to be still recuperating when he leaves for the ranch on Aug. 14 and his activity, or lack of it, is likely to be a focus of commentary. The

(Continued on Page 2, Col. 4)

(Continued on Page 2, Col. 5)



Vice President George Bush and Nancy Reagan at a White House concert on the South Lawn for the diplomatic community. Mrs. Reagan was officially representing her husband.

Belgium To Hold Early Poll

King Baudouin Rejects Cabinet Offer to Resign

By Steven J. Drivden
International Herald Tribune

BRUSSELS — Prime Minister Wilfried Martens said Tuesday that Belgium will hold general elections in October, two months earlier than scheduled.

The announcement came after King Baudouin refused to accept his government's resignation.

Mr. Martens tendered the resignation after one of the four parties in his center-right cabinet withdrew over the refusal of the interior minister to take responsibility for the May 29 soccer riot in Brussels, in which 38 persons were killed.

The king's rejection came after he consulted with Mr. Martens and other political leaders.

"The king has refused the resignation," Mr. Martens said. "The government will go ahead for a restricted period of time with a minimum program." He said that elections scheduled for December would be held in October.

The French-speaking Liberal Reform Party, in a move many observers saw as a bid for votes in the elections, withdrew from the government coalition on Monday. It said it could only remain in the government under "honorable conditions." This was taken to mean the resignation of Interior Minister Charles Ferdinand Nothomb.

Following the king's decision, the party said it would stay in government "because of the superior interests of the state," but warned that the continued backing of Mr. Nothomb by his party, the French Social Christians, could block the work of the coalition in its remaining months.

The soccer riot occurred when fans of England's Liverpool team attacked supporters of Juventus of Turin at the European Cup Final at Brussels's Heysel stadium.

A parliamentary inquiry concluded that the British fans were primarily to blame for the violence, but said that there were serious security errors for which Mr. Nothomb should bear responsibility. He rejected demands for his resignation.

"This range contemplates a substantial slowing in growth from the pace of the first half," the report said, "and the lower part of the range implies a willingness to see relatively slow growth should the recent velocity decline be reversed and economic growth be satisfactory."

The Fed policymaking group, the Federal Open Market Committee, set the new range at a meeting last week. The group also set a tentative target range for 1986 of 4 percent to 7 percent growth.

The policy group also reaffirmed its 1985 target of 6 percent to 9 percent growth for M-1, a broader measure of money that also in-

cludes savings and small time deposits, most money market mutual fund shares and other items. It similarly reaffirmed a 6-percent to 9.5-percent target for M-2, a still broader measure that also includes large time deposits and other items.

Even the new higher range for M-1 assumes that money growth in the second half of this year will run only about half its pace in the first six months. If it does not slow down substantially, it will again rise above the target.

"This range contemplates a substantial slowing in growth from the pace of the first half," the report said, "and the lower part of the range implies a willingness to see relatively slow growth should the recent velocity decline be reversed and economic growth be satisfactory."

Federal Reserve Chairman Paul A. Volcker told reporters, "I am as concerned about inflation as I have ever been." The new targets do not represent a "yielding on inflation," he declared.

Although the king has little say in the day-to-day running of the government, he plays a key role during the country's frequent leadership crises by mediating between the numerous political parties.

Mr. Martens' spokesman said it would have been technically impossible for the king to accept the resignation now, dissolve the parliament and call elections. The elections must be held within 40 days, which would mean they would come during August when much of the country is on vacation.

Mr. Martens' current coalition, formed in December 1981, has come close to setting a record for longevity among the 32 governments that have ruled Belgium since World War II. He led four other governments between 1979 and 1981 before putting together a more durable team.

The frequency of change has led to the use of shorthand by Belgian newspapers, who refer to the government by the name of the prime minister and a Roman numeral signifying the number of coalitions he has led. The present government is known as "Martens V."

In the view of some of his political aides, the durability of Mr. Martens' government had itself created the conditions for political maneuvering by the coalition partners, each nervously jockeying for advantage in the pre-election period.

"This is the price we are paying for an unusual phenomenon in Belgium — the stability of the government," one aide said.

INSIDE

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■ The U.S. Army said an officer was injured in East Germany in a crash with a tailing Soviet vehicle. Page 3.

BUSINESS/FINANCE ■ British industrial production increased 1 percent in May, according to preliminary government figures. Page 15.

■ Cisco reported its second-quarter earnings rose 22 percent despite an increase in its loan loss reserve. Page 15.

TOMORROW

Los Alamos, N.M., where nuclear weapons were born, has responded in 40 years to live with and prosper from the bomb.

Uncertainties Dampen Expectation About a Quick Return to Oval Office

By Lou Cannon
Washington Post Service

WASHINGTON — The disclosure that the tumor removed from Ronald Reagan was malignant has cast uncertainty over his presidency despite the assurances of doctors and administration officials that he is likely to resume a full and normal schedule.

"The strength of this president has always been an

optimism and vigor that seems to overwhelm all obstacles," a Reagan associate said Monday. "If it comes out of this with the same qualities, he's enhanced. If he doesn't — well, that could be a different thing."

Mr. Reagan's reaction to the diagnosis was characteristically optimistic. The chief White House spokesman, Larry Speakes, said Monday that the president still expected to leave the hospital in seven to 10 days and resume his duties "without restrictions."

Michael K. Deaver, a longtime intimate of the Reagans and former deputy White House chief of staff, said that the president and Nancy Reagan both had been "calm and realistic" about the news. "I don't see a major change in his attitude," Mr. Deaver said. "Being the optimist, he is fully convinced that nothing will happen."

But administration officials acknowledge uncer-

tainty about the public reaction to the symbolism of the statement made Monday by Dr. Steven Rosenberg, chief of surgery at the National Cancer Institute, as he opened a news conference: "The president has

had a completely cured him; two questions preoccupied the administration after the diagnosis.

The first was the day-to-day management of the presidency, in which the White House chief of staff, Donald T. Regan, has emerged as the central figure.

The second was the functioning of what might be called the symbolic presidency, at which Mr. Reagan and his managers have usually excelled.

An example of the importance of presidential symbolism, one administration official observed that Mr. Reagan's planned August vacation at his ranch near Santa Barbara now assumed an unusual significance.

Mr. Reagan customarily spends his time on these visits riding and clearing brush, vigorous activity for anyone recovering from a major operation.

The president is expected to be still recuperating when he leaves for the ranch on Aug. 14 and his activity, or lack of it, is likely to be a focus of commentary. The

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U.S.-Soviet Arms Talks Recess, Still Deadlocked

Reuters

GENEVA — The United States and the Soviet Union ended the second round of new arms control talks Tuesday with the negotiations still deadlocked over the U.S. Strategic Defense Initiative.

The Reagan administration has instructed its representatives not to negotiate on the Strategic Defense Initiative, a \$20-billion research program that is intended to develop an anti-ballistic missile shield in space.

The chief Soviet negotiator, Viktor P. Karpov, said: "There has been no progress and it's not our fault." The talks are to resume in September.

Max M. Kampelman, the chief U.S. negotiator, said later in a statement that "a negotiation as complex as this one an agreement will not be easily or quickly arrived at." In contrast to Mr. Karpov's comments, Mr. Kampelman said,

"We do not give a great emphasis on dialogue and a lesser emphasis on politics."

The Soviet Union has said that no progress can be expected on reducing the superpowers' arsenal of long- and medium-range nuclear missiles unless the United States abandons the research program.

The final meeting of the second round of talks ended with a session at the Soviet mission in which three negotiating teams discussed long-range nuclear missiles, medium-range missiles and space weapons.

■ No Breakthrough Seen

William Drazdak of The Washington Post reported earlier from Bonn:

When the negotiations resume in September, there is scant expectation that either side will offer a new gambit to end the stalemate before President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev, meet in Geneva on Nov. 19.

Even then, senior Western officials are skeptical of chances for a

breakthrough, and Lord Carrington, the secretary-general of the North Atlantic Treaty Organization, has said that no real movement toward a pact should be expected for at least another year.

Mr. Gorbachev's swift consolidation of power has brought speculation that he might soon feel confident enough to begin an initiative to reach a quick accord, so that Soviet resources could be concentrated on economic reform rather than on new weaponry.

After two rounds, Mr. Gorbachev's imprint has not been detected in the negotiations. Soviet positions and tactics have reflected the intransigent style of Mr. Gromyko, whose 27-year reign as foreign minister ended two weeks ago when he was elevated to the post of president.

Senior administration officials say it is premature to assess whether Mr

Fiat Says It Wants to Compete for Work on SDI

By Axel Krause

International Herald Tribune

TURIN — Fiat SpA, Western Europe's largest automobile company, is ready to participate in research for the U.S. Strategic Defense Initiative. Giovanni Agnelli, chairman of the Italian company, said in an interview.

Fiat officials said a company representative would soon be based in Washington to help Fiat compete for contracts for the space-based American defense program.

A senior U.S. official on Tuesday termed the Fiat decision a "highly encouraging" development in U.S. efforts to enlist foreign participation in the space defense program.

Fiat, which generates half its annual sales 24 trillion lire (\$12.9 billion) outside automaking, has already outlined its potential for SDI research primarily in the fields of rocketry, robotics and laser weapons. Mr. Agnelli said Monday. The proposals were recently made available to U.S. officials in Washington, the company said.

While Fiat is proceeding with plans to bid on SDI contracts, Mr. Agnelli said, the company would also seek to participate in Euro-

ka, a French-sponsored program to develop high technology in Europe.

"I believe both SDI and Eureka can be done, but we are going ahead with the U.S. program first because it is ready with financing, staff and will start soon," Mr. Agnelli said.

He added that Fiat had the Italian government's approval "to go ahead with SDI while waiting for Eureka."

A number of large West European companies are studying a role in the U.S. program and some have expressed interest directly to the Reagan administration. But Mr. Agnelli's comments were believed to be the first public statement by the head of a leading European corporation pledging his company to a direct role in both the U.S. program and Eureka.

Eureka was launched by France three months ago as a response to the Space Defense Initiative. It will be the focal point of a meeting of high-ranking officials from 17 European countries that begins in Paris on Wednesday.

The purpose of the meeting, French officials said, is to define criteria of high-tech-

nology projects that might be started under Eureka and to seek ways of organizing and financing the program. Eureka's budget has been estimated at 55 billion francs (\$6.29 billion) over five years.

No commitments have been made by any government although the idea was endorsed at the European summit meeting in Milan last month and the upcoming meeting in Paris was scheduled.

An aide to Roland Dumas, the French minister of external relations, said: "We hope to come up with answers for industrialists, such as Mr. Agnelli, who want to know what Eureka is, as well as for governments attending the Eureka conference that might want to participate." Mr. Dumas will host the Paris meeting along with Hubert Curien, minister of research and technology.

Mr. Agnelli's comments supported the conclusion drawn by Vice President George Bush during his European tour earlier this month that SDI and Eureka were compatible. Following a meeting with President François Mitterrand of France, Mr. Bush said he thought that Eureka was "a research

program that does not relate predominantly to strategic defense."

Mr. Mitterrand has repeatedly said that the French government would not participate in SDI, but that French companies were free to do so.

Mr. Agnelli said that participation in the U.S. program could have "colossal implications" not only for Fiat but for the future development of high technology in Europe. "Europe is out of most Pentagon programs but that represents a major opportunity."

Spending on the Strategic Defense Initiative, which is expected to begin by the end of this year, will total an estimated \$26 billion through 1989. As much as a third of those funds could be spent outside the United States, according to U.S. sources.

Mr. Agnelli emphasized that he did not share the fears expressed by Mr. Mitterrand, among others, that participation in the U.S. program would relegate European industry to an inferior, subcontracting role.

"I do not accept the illusions [of participating in SDI] as a colonial relationship, and would rather view it as a commonwealth," he said.



Giovanni Agnelli

WORLD BRIEFS

Ex-U.S. General Collins Is Acquitted

WEST PALM BEACH, Florida (AP) — A retired two-star air force general was acquitted Tuesday of six counts of embezzling \$19,000 and misusing \$445,000 from a secret military spy fund he managed in Swiss bank accounts.

The jury deliberated two hours and 20 minutes before reaching its verdict clearing retired Major General Richard B. Collins, 55, a highly decorated former fighter pilot.

Military witnesses testified that the cash account bankrolled top secret missions. But specific uses of the fund, opened in a Swiss bank in 1963, were never discussed in court. Federal prosecutors had charged that General Collins used trust built up in his 26 years of military service to misuse the fund that he managed from 1975 until his retirement in 1978, when the account was closed.

General Collins, once an aide to former Secretary of State Alexander M. Haig, could have faced up to 60 years in prison if convicted.

Dutch Give Pretoria 48 Hours to Act

THE HAGUE (Reuters) — The Netherlands will withdraw its ambassador in South Africa unless, within 48 hours, Pretoria returns Dutchmen seized from the Dutch Embassy by South African police, the foreign ministry said Tuesday.

Klaas de Jonge, 47, detained under South Africa's Internal Security Act, escaped a week ago and tried to take refuge in the Dutch Embassy but was removed by South African police.

The Netherlands asked for an apology, disciplinary action against the police officers and an assurance that there would be no further such incidents.

West Berlin Seizes Austrian Wine

BERLIN (Reuters) — West Berlin impounded all Austrian wine held by importers after tests produced evidence of contamination with diethylene-glycol, the chemical base of automobile antifreeze, a spokesman for health authorities said.

The antifreeze was found in two bottles of ordinary table wine from Austria, he said. Discovery of the toxic substance, which had previously appeared only in Austrian wines labeled as "superior," provoked a scandal threatening serious damage to the Austrian wine industry.

In Switzerland, an official at the Food Control Office in Zurich said more than 1,000 bottles of Austrian wine had been seized. Last week, West Germany impounded thousands of bottles of Austrian wine in a hunt for shipments that had been mixed with diethylene-glycol for taste and strength.

Tighter Rein Urged on China Reform

BEIJING (Reuters) — Chinese leaders, facing difficulties brought on by the country's economic reforms, have called for tighter Communist Party control and have announced a shift in foreign investment priorities.

Hu Qili, a senior member of the party's Central Committee secretariat, said in a statement published Tuesday by the China Daily that the country's economic reform program would fail unless the party maintained a tight grip.

State Councillor Gu Mu was quoted by the Xinhua news agency as saying that foreign investment would be channeled into Shanghai, Guangzhou, Luda and Tianjin, with less emphasis on development of 10 smaller coastal cities opened to outside investment last year. These have failed to attract much attention because of poor infrastructure.

Republicans Ask House Budget Cuts

WASHINGTON (UPI) — Senate and House Republicans demanded Tuesday that House Democrats come up with budget cuts to make up for increases in Social Security payments or face the prospect of no budget this year.

The Senate's original budget made more cuts in domestic spending than did the House's, including freezing Social Security cost-of-living increases. In an agreement with the White House, leaders agreed to drop the Social Security provision but to seek other budget cuts to offset the increased spending.

"We don't intend to give it all up," the Senate Republican leader, Robert J. Dole, said, after a meeting with House Republican leaders. "Whether we get a budget or not, that's problematical at this point." Mr. Dole said he was not yet ready to call off the budget talks.



Robert J. Dole

Egypt Charges Sheikh With Sedition

CAIRO (NYT) — The government announced Tuesday that it has charged Sheikh Hafez Salama, Egypt's leading advocate of Islamic law, with sedition for allegedly distributing pamphlets that "insulted the people against the regime" and urged them to destabilize the government.

Raga al-Araby, the state security prosecutor, said the government probably would file other charges against the sheikh and 13 of his supporters, who were arrested Friday in a major crackdown on Islamic fundamentalists. Since Sunday, the government has announced the arrest of at least 45 Moslem "extremists."

The Middle East News Agency reported Tuesday that 11 persons had been arrested in Alexandria and that 22 "extremists" were arrested in Fayoun, a large village in an oasis about 60 miles (96 kilometers) southwest of Cairo.

For the Record

Prime Minister Shimon Peres said Monday that Israel wanted to re-establish diplomatic relations with the Soviet Union. The relations were broken by Moscow during the 1967 Arab-Israeli war.

Yao Yili, one of China's deputy prime ministers, concluded a visit to the Soviet Union on Tuesday, Tass reported.

Forest fires in Greece have killed three persons and destroyed thousands of acres of woodland, firefigting officials said Tuesday. (Reuters)

Correction

Bob Geldof, the singer who inspired Saturday's Live Aid rock music concert to help famine victims in Africa, has been nominated for the 1986 Nobel Peace Prize, not the 1985 prize as reported Monday.

Police Replace Militias, Keep West Beirut Calm

BEIRUT — West Beirut had one of its most peaceful days in months Tuesday after a Syrian-backed security plan went into effect and the police took over from militia gunmen in the mainly Moslem sector.

The police said Lebanon's ambassador to Saudi Arabia, Zafar al-Hassan, was wounded in the hand by sniper fire as he was being driven by a police escort across the Green Line from West Beirut to the Christian eastern sector for a meeting with President Amin Gemayel.

The sources said both Jordan and the PLO did not want the talks to start until after an Arab summit meeting on July 28 in Morocco.

The Jordanian-Palestinian delegation would comprise members of the Palestine National Council and members of Jordan's National Assembly.

The U.S. State Department said Monday that King Hussein of Jordan had listed about a dozen people from whom members of the delegation might be selected. It refused to say who the Palestinians might be.

U.S. sources said Monday that Washington would provide Israel with a copy of the list but would not give Israel veto rights.

UN Women's Meeting Hears Softer U.S. Line

By Blaine Harden

Washington Post Service

NAIROBI — In a surprisingly conciliatory speech before a United Nations conference on women's issues, Maureen Reagan said Tuesday that the United States has no intention of denying Palestinian women or South African women the use of the conference as a platform to voice their grievances.

The speech, before the United Nations Decade for Women Conference, brought qualified praise from women representing the Palestinian Liberation Organization and the anti-apartheid African National Congress. However, the address was denounced by American feminists.

They called Ms. Reagan's boasts about the advancement of American women "total double-talk" and charged that women's rights have eroded under the Reagan administration.

Ms. Reagan is President Ronald Reagan's eldest daughter.

[Other speakers Tuesday included Suzanne Mubarak, wife of Egypt's president, Hosni Mubarak, who called for a "decisive stand" against apartheid. The Associated Press reported from Nairobi.]

Suzanne Mubarak, wife of Egypt's president, defended the cause of Palestinian women at the UN meeting.



Suzanne Mubarak, wife of Egypt's president, defended the cause of Palestinian women at the UN meeting.

More than 100 delegates to a separate unofficial forum on women's issues returned Monday to their Nairobi hotels from weekend safaris into the Kenyan countryside to discover that they had been evicted to make room for official delegates to the conference.

The difficulties began more than a week ago when the more than 10,000 delegates to the nongovernmental forum, held one week before the official Women's Conference, began arriving to find that long-confirmed hotel reservations were being shortened or not honored.

The Kenyan government has apologized for the confusion but blamed it on countries that doubled and tripled the size of their official delegations at the last minute.

The evictions came after the forum delegates reported an agree-

ment with the Kenyan government that would have allowed them to sleep two or three in a room to keep their rooms, which had been paid for before their arrival.

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Is Acquitted

A retired sailor was found not guilty of embezzling \$16,000 from his bank account. He had been charged with 26 years of military service.

Secretary of State Alexander Haig

8 Hours to Act

Hours will be withdrawn if any such Air Force action is taken.

Austrian Wine

Austrian wine is available in the United States.

As of last year, Austria's wine production has increased by 10 percent.

States Pitching In

After years of inaction and of referring problems to Washington, individual states are moving to help their hard-pressed farmers.

State actions include moratoriums

on mortgage foreclosures,

debt forgiveness plans, legal aid

job training programs and

changes in rules that govern eli-

gibility for aid. Though short of

cash, many farm families own so

much land and machinery that

technically they do not qualify

for help.

Jim Kiordan, administrative

assistant to Iowa's lieutenant

governor, Robert T. Anderson,

says state aid workers Mr. Kiordan,

a failed farmer himself, add-

"We are closer to the people in their homes. We're feeling it too."

Bipartisan Backing

For Secretary of State

A bipartisan group of foreign

policy experts, headed by Edmund S. Muskie, a former senator,

secretary of state and Democratic

presidential contender, and Kenneth Rush, a former ambassador to West Germany and France, has called for a reassessment of the authority of the secretary of state as presidential spokesman on foreign policy over that of the White House

in East Germany

As Car Is Rammed by Soviet Truck

By William Dziedzak

Washington Post Service

BONN — The commander of

the U.S. military liaison mission in

East Germany was injured last

weekend when his car was rammed

from behind by a Soviet military

truck, U.S. Army officials said

Tuesday.

The U.S. military command in

Europe has protested to Soviet

forces in East Germany over the

collision, which occurred near Saar-

brunn, northeast of Berlin, just after

midnight Saturday.

It was the first incident between

Soviet troops and the American

military liaison unit since a Soviet

sentry shot and killed a member of

the 14-man team, Major Arthur D.

Nicholson Jr., last March.

The 380,000 Soviet forces based

in East Germany are carrying out a

major military exercise called

Soyuz-85.

Colonel Roland Lajote, the head

of the U.S. liaison group, suffered

facial fractures in the accident, ac-

cording to Pentagon officials.

Colonel Lajote was one of three Ameri-

can soldiers traveling in the

American car. The driver, Sergeant

Jessie G. Schatz, was also behind

the wheel of the car or the mission

when Major Nicholson was killed.

On June 4, three officers belong-

ing to the British liaison group were

harassed for five hours by Soviet

soldiers, who buried them and

waved cocked weapons at them af-

ter ramming their car with a truck.

A French officer was killed last

year when his vehicle was rammed

by an East German truck.

Diplomats say the daily recon-

naissance sorties by the liaison mis-

sions are generally conducted by

two-man to four-man teams.

They drive marked military vehi-

cles, equipped with infrared cam-

eras, listening devices and binocu-

lars, and search of information on

the nature and location of troops,

missiles and armor.

Years and accept changes in their

salaries according to the results.

The size and frequency of potential

bonus payments will be calcu-

lated in accordance with the impor-

tance of the job and the speed with

which new inventions are applied.

There are frequent complaints in

Soviet industry about technical in-

novations that lie on the shelf for

years, if not decades, because of

bureaucratic delays and worker re-

sistance to new processes or labor-

saving devices.

The decree stipulates pay equali-

ty for scientists and technicians in

industry and those in more presti-

gious academic institutes.

There is an urgent need, it said,

for experts to work close to the

production process rather than in

remote research facilities.

"For technical reasons today's

London sponsored page"

will appear

on Thursday

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JULY 17, 1985

Page 3

AMERICAN TOPICS

The New York Times

INTERNATIONAL HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Proper Protection Hurts

A certain amount of protectionist legislation is always pending in Congress. It is part of the background noise. But this year hurting industries have spun the volume knob to LOUD. More than half the members of both houses — 288 in the House, 53 senators — have signed a bill to cut textile imports by a third. Bills have been introduced to keep out other foreign products ranging from bicycles and shoes to lumber and uranium. Other legislation would reduce the executive branch's discretion to deny relief to petitioning industries in the future. The pressures are serious.

The temptation is to dismiss these bills as symptoms not of a fundamental economic problem but of a character defect in Congress. Let any large wheel squeak, this minimizing view of the master goes, and members will rush to grease it, no matter what the long-term consequences. To buy votes in the next election they would risk a trade war. But that explanation does not wash this time. U.S. economic policy, not politics, is to blame.

The U.S. merchandise trade deficit rose from \$25.3 billion in 1980 to \$107.4 billion last year, and this year it is expected to be higher still. A leading cause has been the strength of the dollar, which has risen in value more than

— THE WASHINGTON POST.

Saying No to the Censors

Jeane Kirkpatrick, former U.S. ambassador to the United Nations, is not one to be pushed around. So no one will be surprised to learn she responded to a request by the State Department that she sign a pre-publication clearance form covering all her future writings: She simply said no. "It is an extraordinary document," she told *The Quill* magazine. "You could never write after signing it."

Mrs. Kirkpatrick is right, of course. Her plans for a book and a newspaper column, among other things, would be severely disrupted if every written word had to be submitted to a State Department censor before publication.

In truth, it was not difficult for her to refuse to sign the waiver as she was walking out the door of government. She could not be fired, demoted or transferred for insubordination. But career employees of government and federal contractors who have special security clearances do not have her options. They are being pressured every day to sign a "voluntary waiver" of their rights.

No one wants former government officials to be able to divulge classified material in books and articles they write after retirement. That is not at issue. Nor are we concerned here about employees of the intelligence agencies.

— THE WASHINGTON POST.

Other Opinion

Reagan Displays True Grit

President Ronald Reagan's worst political enemies not less than his best friends wish him well in his recuperation from intestinal surgery and expect his recovery to be rapid and his return to the political wars sooner rather than later. He is a likable man whose confidence and optimism are admirable.

The type of surgery Mr. Reagan underwent should not keep him away from his White House duties much longer than an extended summer vacation. Under White House Chief of Staff Donald T. Reagan and Vice President George Bush, there has been no change in the daily handling of presidential affairs.

No special post-operative treatment will be required by the president, and his physicians indicate that the cancer discovered in the section of colon removed on Saturday seems to have been contained. Mr. Reagan may even benefit politically from his bout with cancer.

In 1981, after Mr. Reagan was shot, a massive upsurge in support was translated into support for his controversial tax cuts and other policies. Certainly Mr. Reagan's admirable demeanor in his current, difficult situation will help him politically. Some elements of his constituency were beginning to criticize him in recent days for not being tough enough in the hostage crisis and for his apparent willingness to compromise on both defense spending and Social Security issues. Those criticisms are likely to be muted for quite some time.

Since some of those critics are ambitious politicians who would like to be president themselves, this raises another topic for political speculation. Will the president's activities be changed in ways that give Mr. Bush more responsibilities and greater visibility? Would that work to his advantage vis-a-vis Representative Jack Kemp, Senator Robert Dole, Howard Baker and others interested in 1988?

Discussion of this sort is inevitable, even when concern is focused on seeing that there is

— Los Angeles Times.

FROM OUR JULY 17 PAGES, 75 AND 50 YEARS AGO

1910: London Forecasts 'Opera War'
LONDON — The announcement that Mr. Oscar Hammerstein will invade London with grand opera in a new house which he will build himself is the main topic in the musical world here. London newspapers wonder how he is going to make his project pay. That, however, is Mr. Hammerstein's affair, and he is confident. It will be a three-cornered operatic war here next year. The Royal Opera at Covent Garden is so firmly established that its directors took on Mr. Hammerstein's scheme with pity and incredulity. The Beecham Opera Company has been so successful that it has shaken up the dry bones of Covent Garden till they rattle. "Between the three of them," said a high authority in operatic affairs, "they will run the salaries of singers up so high that they will make grand opera practically impossible."

1935: Jews Blamed in Berlin Riots
BERLIN — In connection with the recent anti-Jewish rioting in Berlin, two official statements were published on July 16 which throw an interesting light on the methods pursued by the Nazis in the anti-Semitic campaign. After Dr. Goebel's organ "Der Angriff" told its readers that "the Jews are in want of a hard fist," and that this hard fist meant that "the Jews will not dare again to demonstrate in Berlin," the headquarters of the state police here ascribed the anti-Jewish riots to "irresponsible elements" desirous of harming the Nazi state, and credited Nazi members with cooperating with the police in restoring order. Similar statements were made by Ludwig Ullrich, leader of the Berlin Brown Shirt group, who issued a decree ordering his troopers to abstain in future from any demonstration.



Africa: Ills of Dark Continent Can Be Cured

By C. PAYNE LUCAS and KEVIN LOWTHER

WASHINGTON — Slave traders, missionaries, explorers, colonial officials, journalists and aid workers have sent back images of Africa for hundreds of years. But all seem to have been the negatives, opaque impressions of a dark continent growing darker. The prolonged drought that has affected most of Africa seems to confirm Western suspicions that Africa is dying.

Having accepted the gospel of Africa's endemic political instability and economic incompetence, we now have physical evidence that the continent is doomed: denuded landscapes, abandoned villages, spreading deserts, refugee camps and masses of starving, helpless people.

It is difficult to resist concluding that trying to save Africa from its fate is futile. But those of us who have spent many years working in Africa have ample reason to believe in its future. So do Africans.

They inhabit some of the planet's harshest livable environments. Yet, from Saharan nomads and rain-forest pygmies to Kalahari bushmen and urban shanty dwellers, Africans have a long history of adapting effectively to their surroundings. Africans are survivors: They have to be.

They have survived worse droughts than the latest one, in addition to the European and Arab slave trade and colonialism. And they will survive the apocalypses of mounting foreign debt, burgeoning population growth and the greatest threat of all: a rapidly eroding natural-resource base. If it may be a generation or longer in coming, but Africa will rise above economic dependency and political disarray.

Contrary to the patronizing and cynical Western notion that Africans have made a hash of their independence, they have achieved much in a very short time. Having received a meager colonial inheritance of infrastructure, public services and trained manpower, they have vastly improved their people's access to education and health care.

As the last continent to modernize, however, Africa is rushing to catch up. Mistakes are inevitable. Because Africa is thinly reported by the media, which focus on the "quick and dirty" story, we are mesmerized by accounts of the coups, corruption and natural disasters compounded by man. We do not learn much about the evolution of political systems appropriate to African conditions, about the ability of African farmers to coax food from the soil, or about the "soul" of Africa — the understanding of Africa's role in the cosmos.

The late Kwame Nkrumah, who led Ghana to independence in 1957, Africa to seek the political kingdom. Expelling colonialism and creating African governments proved relatively straightforward. Mr. Nkrumah was not alone, however, in failing to realize that genuine African political systems and ideologies would have to develop through trial, error and civil conflict.

Africans are reconciling their established political traditions to the needs of the contemporary nation-state. Western observers who lament the rise of one-party systems throughout Africa ignore the healthy competition that often prevails within. They have not sat beneath a baobab tree, listening to people grill a

candidate for parliament or discuss plans for building a primary school. Democracy is inherent in the consensual decision-making process customary at the village level in Africa.

If Africa offers numerous examples of political instability, it also provides several sanguine case studies: Senegal, Kenya and Botswana

have managed peaceful leadership changes. Many countries have enjoyed long periods of tranquility.

Africans have learned two hard lessons: First, national economies are built from the ground up, on a solid agricultural foundation; and second, farmers will grow surplus food if the market rewards them fairly. Most African governments have taken agriculture and the peasant farmer for granted. Many tended to rely on minerals or a single cash crop to earn foreign exchange. They also subsidized food prices for urban consumers, at the expense of low prices paid

to the producers. Now the African farmer is winning renewed respect.

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Africa has more than enough water to support major agricultural and industrial development.

— By C. PAYNE LUCAS and KEVIN LOWTHER

Grim as the situation is, Africa is too well endowed with natural and human resources to be written off. It has vast mineral reserves and food-producing potential. Although a relatively dry continent, Africa has more than enough water, if it is properly conserved, to support substantial agricultural and industrial develop-

ment. It also has enormous hydroelectric and solar-energy capacity.

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If Africa offers numerous examples of political instability

mocracy 1 Israel: Bad Joke?

anny Rubinstein

IALEM — The conviction of 15 Israeli Jews for murder and 17 for crimes against Arabs, one upstaging for Israel, came the first time of the coming week. The trial was the first time the judiciary had moved against criminals, the episode marking a new era of Israeli democracy, but by an unpredictable curve a procedure and brutal among the first trials last week when Israel occupied Gaza and Gaza will be ruled by the Arab Army. Menachem Begin's youth "give a speech," says Paltiel Mazar, a rabbi, calling for expelling the Arabs from the territories. Rabbinical Knesset election last year, the Israeli army has moved to cover its influence with program demands. The state has several private distinctions public. Interestingly, the Jewish Agency and the State of Israel are the only ones that have participated in the campaign, meeting with students, others and my impressions, I have no chance of success in meeting with Jewish students, a speech from a rabbi. Do not think that the atmosphere of the state of law is equal rights. I am taken and discussed in rather brutal. For me, I am asking whether the atmosphere of the state of law is equal rights. I am taken and discussed in rather brutal.

Now, in Lauren Bacall's memorably extravagant portrayal, we get an even mix of Lady Macbeth and the Lady of the Camellias. To hear Bacall's throaty litanies of exile cities suitable for a falling film star is alone worth the price of a ticket. There is, however, a lot more here than a blazingly good central performance. "Sweet Bird of Youth" was Williams' most outspoken attack on the Southern discomfort that always beat at the heart of his writing, and what Pinter has seen is a play about the castration not just of men but of careers and ideals and nations.

It starts a little slowly, with Bacall and Michael Beck, two visitors to the London stage and to the small Gulf town where the play is set, edging their way hesitantly into a dialogue so full of pauses that for a fearful moment we seem to be in Pinter rather than Williams territory. It is, oddly enough, as English players take over (an above-average American accents) that the play rises into life. James Grout's Big-Daddy boss is a garrulous villain surrounded by suitably seedy henchmen; with them, and Williams's wonderfully prodigal use of two dozen supporting players, we are off and running into a tale of political corruption and sexual agony, so that by the time the princess and her blond gigolo are back, they are playing at twice the speed of their first encounter.

Borrowing from Hart Crane, Williams once called his "Bird" "a relentless caper for all those who step the legend of their youth into the noon" and that is precisely the mood Pinter and his company keep alive through this sprawling saga. Even the usual embarrassment of Chance Wayne's final speech to the audience is avoided. The poisoned sneeze of Williams's prose has seldom been better poured or more lovingly measured.

A new "Duchess of Malif" marks the much-

heralded arrival at the National Theatre of a new acting company led by Ian McKellen and Edward Petherbridge, but is in fact mainly notable for bringing to the South Bank (and high time) the considerable and often exotic talents of the Glasgow Citizens' director and designer, Philip Prowse. Indeed, one of the main indications of a closed-shop directing policy at the Royal Shakespeare Company and inadvertent recruiting by the National has been that Prowse is so seldom to be found in England. When he is, as last year at Greenwich or now at the National, the result is never less than mesmeric. He is so far ahead of his contemporaries in theatrical flamboyance and design flair that one would probably have to go back to Orson Welles at the Mercury to find a young stage artist of comparable power.

This does not mean, of course, that one has to agree with everything Prowse does. His cavernous decaying-church setting for this new "Malif" leads to moments of startling inaudibility, and his casting of some very strong stage figures (Sheila Hancock, Roy Kinnear, Hugh Lloyd and Selina Cadell) in relatively minor roles is apt to unbalance the central quartet. Petherbridge is an increasingly camp cardinal and McKellen a darkly sneaky Basola, but Jonathan Hyde has yet to come to terms with the Duke in darkness, and Eleanor Bron, surrounded by a rent-a-crowd mob of loonies for the mad scene, manages to make "I am the Duchess of Malif still" sound like a program note rather than a cry of survival under appalling pressure.

Hers too is a performance that has yet to come into its own, but in this rich, decadent, sinister, shadowy, ritual staging there is the constant sense of brooding atmospheric evil and of religion in decay that essentially has to be what this political melodrama is about. The first night said a lot more about Prowse than about whatever plays McKellen and Petherbridge may have for their new team, but they are to be hugely congratulated for getting him there and allowing her unique classical vision to pervade the Lyttleton for the first time.

Since old musicals are playing at roughly one of every three mainstream theaters in London, it is perhaps not surprising that Broadway stocks are becoming somewhat depleted. We therefore have no less than three old American sing-alongs in the West End that were never meant to be stage shows at all: "42nd Street," "Singin' in the Rain" and "Seven Brides for Seven Brothers" all set out to be films, and only the first has ever achieved a later and successful stage life in the United States. "Singin' in the Rain" is at

best a doubtful prospect on Broadway this summer, and "Seven Brides" died there several years ago after a couple of performances.

The "Seven Brides" that we now have at the Old Vic is, however, an altogether English attempt to get that score in front of a stage audience. It started out at the Theatre Royal in York 15 months ago and now after a long tour is in London for the summer, presumably to catch nostalgic tourists with vague memories of beautiful hide being blessed in the great outdoors.

The problem is that a film musical never comes together the way a stage musical does. "Seven Brides" has a patched-together score with the old movie hits and a few innocuous new numbers added, yet it never quite manages to overcome its camera origins.

This was always meant to be an answer to the Broadway musical, not a replica thereof. After years in which all they had been required to do was photographic replicas of old stage shows, Hollywood cameramen and choreographers in the middle 1950s desperately wanted to show what the screen could do. While Fred Astaire and Judy Garland persevered with old stage shows, a new generation led by Gene Kelly and Stanley Donen created musicals purely for the camera. Their triumph was "Singin' in the Rain"; a few years later, Donen and the choreographer Michael Kidd devised "Seven Brides" as a great celebration of the wide screen and of the vast outdoors of 19th-century Oregon.

The film's dancers were a team of considerable distinction, led by Russ Tamblyn and Tommy Rall, and its climax was a huge number called "Raising the Barn," which the Old Vic production wisely does not attempt even in miniature. Accordingly we are left with the Johnny Mercer song, a token choreographic attempt to recreate one of the great screen dance-fights of all time, and an air of vague provincial jollity, which is not quite the same thing. "Seven Brides" never had much of a plot (what there is appears to be a parody of "The Sabine Women") but it did have a soaring sense of what the wide screen and a great choreographer could do for a camera.

What we now have is an English rep company trying to remember how "Oklahoma" was done. It has an endearing and almost amateur quality, as of teenagers at a camp concert determined to do the show right. But when Gene Kelly and Mickey Rooney did that, they had the vast technical and musical resources of MGM behind them, which brings us back to the central problem: trying to do big-screen musicals on a small stage and an apparently even smaller budget.

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This was always meant to be an answer to the Broadway musical, not a replica thereof. After years in which all they had been required to do was photographic replicas of old stage shows, Hollywood cameramen and choreographers in the middle 1950s desperately wanted to show what the screen could do. While Fred Astaire and Judy Garland persevered with old stage shows, a new generation led by Gene Kelly and Stanley Donen created musicals purely for the camera. Their triumph was "Singin' in the Rain"; a few years later, Donen and the choreographer Michael Kidd devised "Seven Brides" as a great celebration of the wide screen and of the vast outdoors of 19th-century Oregon.

The film's dancers were a team of considerable distinction, led by Russ Tamblyn and Tommy Rall, and its climax was a huge number called "Raising the Barn," which the Old Vic production wisely does not attempt even in miniature. Accordingly we are left with the Johnny Mercer song, a token choreographic attempt to recreate one of the great screen dance-fights of all time, and an air of vague provincial jollity, which is not quite the same thing. "Seven Brides" never had much of a plot (what there is appears to be a parody of "The Sabine Women") but it did have a soaring sense of what the wide screen and a great choreographer could do for a camera.

What we now have is an English rep company trying to remember how "Oklahoma" was done. It has an endearing and almost amateur quality, as of teenagers at a camp concert determined to do the show right. But when Gene Kelly and Mickey Rooney did that, they had the vast technical and musical resources of MGM behind them, which brings us back to the central problem: trying to do big-screen musicals on a small stage and an apparently even smaller budget.

Old musicals are playing at roughly one of every three mainstream theaters in London. It is perhaps not surprising that Broadway stocks are becoming somewhat depleted. We therefore have no less than three old American sing-alongs in the West End that were never meant to be stage shows at all: "42nd Street," "Singin' in the Rain" and "Seven Brides for Seven Brothers" all set out to be films, and only the first has ever achieved a later and successful stage life in the United States. "Singin' in the Rain" is at

ARTS / LEISURE

A Novel 'Lulu' in Munich: Worth the Wait

By David Stevens
International Herald Tribune

MUNICH — The Bavarian State Opera did not join in the general rush to stage the full three-act version of Alban Berg's "Lulu" after the Paris premiere in 1979. But, having waited, it played a handful of trumps in staging it for the opening of the Munich Opera Festival this year, the centenary of the composer's birth.

This staging offered a number of novelties, not least the soprano Catherine Malfitano making her Munich debut — triumphantly — in her first appearance in the daunting title role. The production was staged and designed by Jean-Pierre Ponnelle, also approaching the work for the first time; and Friedrich Cerha, who completed the unfinished third act, was conducting the opera for the first time in a major theater.

The American soprano made a gaudy entrance, sliding down a rope from the flies to the stage with all the repellent seductiveness attributed to her in the prologue. The aplomb with which she pulled off that circus stunt was just a foretaste of an impressive artistic accomplishment. She sang through the role as if it held no serious vocal problems, not only singing with security and glowing tone (a couple of extreme-top squeaks aside), but communicating the text with expressiveness and clarity.

Ponnelle's staging was brilliant and at times irritating. Everything took place in the same basic set, semicircular, four-story metallic structure, each level with a row of doors opening onto a gangway and the different levels linked by circular stairways at each side. This served more or less successfully as the menagerie of the prologue, a theater. Lulu's various dwellings, the jail of the film sequence of the second act, the Paris gaming establishment and the bovel of the final scene, a kind of abandoned jail.

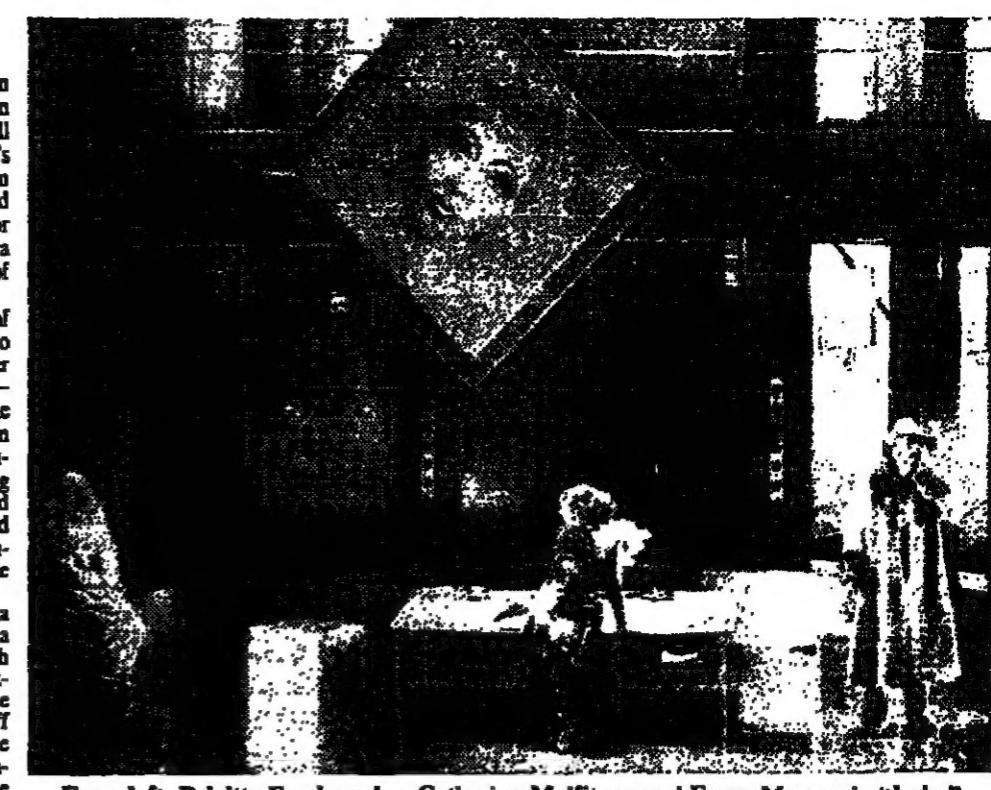
On the practical side, the different levels of the set helped clarify the action and the multiple doors speeded the farcical comings and goings of the first scene in Dr. Schön's house. On a symbolic level, Ponnelle filled the upper floors with silent onlookers all in white, witnesses of a social circus or sometimes participants — they threw shredded paper down on the set of the stock-market debacle in the Paris scene, and the succeeding final scene was played out in the resulting rubbish.

The symbolism of Lulu's portrait ranged from a stage-filling face peering voyeuristically, to a small Expressionist visage that, torn from its frame, was used by Jack the Ripper as a hand towel and, finally, as the shroud of the tragic Countess Geschwitz.

Ponnelle's direction of the actors ranged from realism to caricature, as if the blood-soaked farcicality of Frank Wedekind's original Lulu plays were not far in the background. Some additions were gratuitous, such as a virtuous stilt fall from the second level for the heart-attack death of Husband No. 1; or the dramatically deflating such as the theater scene, in which Dr. Schön's socially respectable fiancée was not only made visible but engaged in an unresponsible sign-language slanging match with Lulu. The scene did not end in the sexual tension of Schön's humiliation, marvelously built up by Malfitano and Franz Mazura, but in a pratfall by the failed fiancée.

The touch of exaggeration was carried out also in Pet Halinen's costumes, whether the bright red — from hair to glittering gowns — that was Lulu's trademark, the gaudy fantasy of the African-explorer prince's getup or the fez for the white-slave-trading Marquis.

Since the Paris performances, Mazura has made the dual role of Dr. Schön and Jack the Ripper her own. As Lulu's one real love and the instrument of her death, Mazura used his strong physique and opaque, almost raw-sounding bass-baritone to powerful effect at the third performance Saturday. Brigitte Fassbaender was an imposing Geschwitz, although her final lines



From left, Brigitte Fassbaender, Catherine Malfitano and Franz Mazura in "Lulu."

were less sung than harshly declaimed. Alfred Kuhn was a study in charm and subtlety. She was surrounded Sunday by Fassbaender's convincing Octavian, Helen Donath's gleamingly bright-toned Sophie and Hans Sotin's richly sonorous Ochs (stepping in for the scheduled Kurt Moll). Jiri Kout, succeeding Carlos Kleiber in the pit, proved a Straussian of the same authentic mold. The production is 13 years old, but Jürgen Rose's sets and costumes are still splendid and Otto Schenk's staging surprisingly fresh.

The baritone Dietrich Fischer-Dieskau is in his 60th year, and his interpretations of Schubert's "Winterreise" song cycle go back more than half of that time. Sunday morning he returned to this challenge, singing with an intense intimacy and expressiveness that more than made up for any inroads time has made on the voice. Hartmut Höll was the splendid pianist and co-interpreter.

Another highlight of the festival, which continues through July 31, has been an outdoor production in the Alter Hof of Carl Orff's "Die Bernauer," along with an exhibition commemorating the late composer's 90th birthday. And on July 22, Wolfgang Sawallisch will conduct the world premiere of "Le Roi Bérenger" by the Swiss composer Heinrich Strohmeier, based on Eugène Ionesco's "Le roi malade."

Another festival highlight was a revival of Richard Strauss' "Der Rosenkavalier" with a cast of the first caliber. Lucia Popp, a former Sophie, has graduated gloriously to the rank of Marschallin, singing

with creamy tone and acting with charm and subtlety. She was surrounded Sunday by Fassbaender's convincing Octavian, Helen Donath's gleamingly bright-toned Sophie and Hans Sotin's richly sonorous Ochs (stepping in for the scheduled Kurt Moll). Jiri Kout, succeeding Carlos Kleiber in the pit, proved a Straussian of the same authentic mold. The production is 13 years old, but Jürgen Rose's sets and costumes are still splendid and Otto Schenk's staging surprisingly fresh.

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Other parties that did well were the Komitee, which is Buddhist-oriented, and the Japan Communist Party. These parties run tight organizations that tend to be particularly effective in local elections.

The Komitee gained two seats, to finish second in the overall distribution with 29. The Communists gained three seats, finishing third with a total of 19.

The Japan Socialist Party, the main opposition group nationally but a consistently poor performer in Tokyo, was the major loser, losing four seats and ending up with a total of 11.

In the remaining contests, the New Liberal Club won six seats, the Democratic Socialist Party won two, and independents four.



Yasuhiro Nakasone

Japanese Probe Laser Device Sale To Communists

The Associated Press

TOKYO — The Japanese government has started an inquiry into the reported export to a Communist country of a special laser device used to produce semiconductors, an official said Tuesday.

Hideo Setoya, of the Ministry of International Trade and Industry, said officials were investigating whether the Tokyo-based Kurimoto Trading had forwarded a laser-trimming system.

A laser-trimming system is used to imprint circuits on the surface of advanced hybrid semiconductors, used in missiles and laser weapons.

Mr. Setoya refused to say where the device had come from and which country had purchased it, but local newspapers said the company imported the device in 1983 from a manufacturer in Oregon.

Nakasone Is Visiting Italy

The Associated Press

ROME — Prime Minister Yasuhiro Nakasone of Japan began a three-day visit to Italy on Tuesday.

Results of Tokyo Vote Seen as Boost for Nakasone

By Clyde Haberman
New York Times Service

TOKYO — Although his name was not to be found on the ballot, Prime Minister Yasuhiro Nakasone appears to have emerged as the big winner in Tokyo elections that were won by his Liberal Democratic Party.

Tokyo's voting pattern is regarded by many Japanese politicians as a guide to national trends. So Liberal Democrats were heartened by the impressive gains they registered in the ballooning here on Saturday.

They hoped the results signaled that the time was ripe for them to call elections to the Diet, or parliament, and reverse the sharp losses of seats they suffered in December 1983.

Politicians and other analysts said the Tokyo campaign was a boon for Mr. Nakasone's slim chances of altering party rules that prevent him from continuing as leader when his present term expires in late 1986.

Because the party, a coalition of conservative factions, has governed Japan since 1955, its president is all but assured of becoming prime minister.

Although technically a local event, the nine-day Tokyo campaign was treated like a national affair.

The results Sunday improved the

referendum by the major parties. Their leaders, including Mr. Nakasone, took to the streets to seek voter support.

Tokyo has 8.5 million eligible voters, or 10 percent of the national total. Moreover, as the equivalent of Washington and New York rolled into one, the capital can set electoral moods for the entire country.

There were no big issues, and that left candidates to campaign in time-tested Japanese style. They cruised the streets in sound trucks, blaring out their names in the hope that voters would remember them.

In the end, the Liberal Democrats increased their strength in the 127-member Tokyo Metropolitan Assembly from 51 seats to 56. Their share of the popular vote, 36 percent, was 15 percentage points higher than in the last election, in 1981.

The party obviously commanded far less than a majority, but it retained a solid plurality and dominated a coalition under the conservative administration of Governor Shunichi Suzuki. Mr. Suzuki himself was not up for re-election.

One discouraging note for the Liberal Democrats was the record low turnout of 53.5 percent. The low turnout continued a trend seen in national elections two years ago. The governing party usually fares less well when voters stay home.

The results Sunday improved the

chances that, if Mr. Nakasone does call a House of Representatives election, he will wait until next June, when balloting must also be held for the Diet's upper chamber, the House of Councillors. In the past, so-called double elections have led to high turnout and solid showings by the Liberal Democrats.

Other parties that did well were the Komitee, which

INSIGHTS

Company Scandals: For Workers, Disbelief May Give Way to Defiance

By N.R. Kleinfield

New York Times Service

NEW YORK — He cannot think about it without irritation. He is loath to go at any length. Frankly, he is sick of it.

"We talk about it all the time," he said. "We're in the papers on a daily basis. How could you not talk about it?"

The man is an executive at E.F. Hutton. The "it" is the check-kiting scandal that has engulfed the brokerage firm recently.

"Am I frustrated?" he asked. "Oh yeah. I'm frustrated. There has to be frustration when you see the name of the firm you work for dragged over the coals day after day."

The fear hovers over the employees of any company. One day, a nightmare comes true. Someone is exposed for cooking the books, an executive bribes a government official, people die from something the company made — and all the years of nourishing an image as a corporate citizen in good standing are destroyed. It's like a shiny bowl rusting overnight.

Much has been written about Hutton, Union Carbide, General Dynamics, General Electric and other companies that are operating under a cloud of scandal. About what the leaders are doing to shore up the businesses. About the vicissitudes of the stock price. About the extent of financial liability. The dry and impersonal mathematics of calamity.

Relatively little attention, though, has been drawn to the individual traumas of the people who go up and down the elevators each day, how those traumas affect the companies, and what corporations try to do to counteract the negative effects.

Yet it is here, inside these corporations, that the aftereffects of scandals often linger longest. The challenge for management is to keep the impact as brief and slight as possible.

Many scandal-ridden companies are trying to do just that. The chairman's soothing comments issue forth from loudspeakers, while his face appeals to workers from strategically placed video machines. Letters, memos, even newspaper advertisements tell employees again and again that they work for a decent company, and that they, too, are decent people.

But behind the conciliatory rhetoric often lies an iron determination to make sure that no employee errs again. GE, for one, followed its spate of internal memos by imposing a new regimen of more rigorous safeguards against employee wrongdoing. McDonnell Douglas, Allied and others started internal ethics courses after their names were dragged through the mud. Still other companies have called for the resignation of a top manager, or of a handful of managers, to prove to the world — and to their own employees — that they will quickly excise anyone who besmirches the company name.

But while all of those moves help, none of them cures. And in general, the result of a corporate scandal is that employee morale sinks. Productivity may decline. Too often, once-proud employees find themselves embarrassed to admit to strangers where they work. One employee of E.F. Hutton has stopped wearing his Hutton T-shirt when he goes out jogging.

"The sense that a company is an impersonal entity is not so," said Boris Yavitz, a professor of public policy at the Columbia University Graduate School of Business. "People do have a feeling that their organization has egg on its face. People feel embarrassed. They may not go the extra mile for the company."

Desertion is not uncommon. Scandal is a tip



Courtesy of The New York Times

to the headhunters to pick up the phone. As one recruiter remarked, "Anything that's wounded gets attacked."

Companies, of course, have been getting wounded for years. And though there is no way to undo the pain and wrongdoing they may be responsible for, they sometimes discover that adversity instills better values for the future.

FEW crimes have rocked blue-chip corporations as deeply as the price-fixing and bid-rigging conspiracies in the electrical manufacturing industry in the early 1960s. GE, the most prominent of the conspirators, saw three of its executives trooped off to jail; eight others got suspended sentences. Though the chairman and president were not convicted — both said that they were ignorant of the misconduct — many employees remained dubious that the ultimate bosses could be unaware of such events. Some employees left; a lot of positions were shuffled. Employees faced mixtures of scorn and sympathy in their communities.

"Life magazine had this big picture one week of one of the vice presidents in jail," recalled an executive no longer with GE. "That had a very shocking effect on people. It made some people

wonder whether this was where they wanted to work."

Another GE employee who was with the company during the price-fixing days recalls reacting to the jailing of a GE vice president who had been a local fund-raiser for the Jesuits.

"There was more compassion than anger," he said. "It was more a sense of what a tragedy this is."

Even today, the scandal is still haunting the company. "These things are substantially de-moralizing," said Thomas J. Peters, the co-author of "In Search of Excellence," a book about America's most successful corporations. "but also potentially substantially cleansing. At GE today, there is still fallout from that price-fixing. The scar of that is still very much visible. There are topics of conversation that are out of bounds at GE — things like relative prices — that aren't out of bounds at other companies."

When a crisis engulfs a company, its employees pass through phases, not dissimilar to the experience of coping with a failing relative. At first, there is shock, even disbelief. Three years ago, Thomas Lmdell, a controller at Manville Corp., was on vacation, when he heard on the radio that Manville had filed for bankruptcy

in motion some severance activity. After every development in the case, a new letter went out to employees, signed by the chairman and the two vice-chairmen. Beyond chronicling the bare facts of the mess, they adopted the tone that had applied to us in my barrel. "In any large organization," one read, "people may make errors in judgment. These must be viewed in relation to the extremely good reputation of our company and its people."

Still, the letters had the tenor of a sermon, meant to dissuade the flock from future sins. One missile said: "Our integrity is at the core of our business reputation, and everything that affects it is a challenge to all of us. We must do

everything within our individual and collective

powers to stave off the swarm of suits claiming illness from asbestos."

"I didn't believe it," he remembered. "I thought it had to be wrong."

But it was true. Mr. Lundell said he felt morose at first, jittery about his own future. "But then," he added, "there was a sort of feeling of, hey, maybe this is what the company needs to get back together."

The initial impact on most employees is almost always jarring. "People are certainly less proud of the company and want to divorce themselves somewhat from it," remarked Harry Levinson, a psychologist who leads the Levinson Institute. "This happened in the 1970s with OPEC and the employees of the oil companies."

Mr. Levinson, who was a consultant to Sun Oil at the time, recalled the way employees reacted: "Some would go to cocktail parties and didn't want to identify who they worked for. There were allegations of oil companies manipulating prices on tankers in the middle of Delaware Bay and gouging the public. So they would say they worked for Sun Ship Building, the ship building subsidiary of Sun, even though they knew nothing about building ships."

There is, though, a cold-spring force that causes employees to rally quickly in defense of their provider. "There is a we-they mentality that develops after these sorts of things hit," an executive recruiter notes. "Employees really get their backs up and defend the company, even if they're not sure it's blameless."

After the disaster at Bhopal, workers near a Union Carbide plant in Institute, West Virginia, went on the offensive. A widow of one employee had thousands of bumper stickers made up reading, "I Am a Carbide Supporter," and she doled them out around town.

HOW well have most corporations behaved when caught in the web of scandal? Rather poorly, in the opinion of many corporate observers.

"To my mind," said Tom Peters. "The poor handling boils down to why Nixon got toppled in 1974 and that can be summed up in one and only one word — stonewalling. You're a damned fool for not telling the truth."

It was around the Hooker Chemical people as a consultant when Love Canal broke. One of the Hooker people I was around was a decent man. His instinct was to do at least the small things — spring for moving the people into the local Holiday Inn. Occidental Petroleum had bought Hooker before the incident and the Occidental people said no way, because that would be an admission of guilt. And that's pure rubbish. This man was quite angry."

Frank Doyle is the vice president in charge of corporate relations at GE. In that capacity, he has been overwhelmed by the repercussions from the latest image bruising, the military contract scandal.

"The impact, I think, has been sobering but not devastating," he said. "Concern, a feeling of loss of reputation by association but not by personal behavior."

Mr. Doyle said there has been anecdotal, though no statistical, evidence that it's been a bit tougher to recruit engineers for military work. "We've had a half dozen incidents where someone said, 'No, I don't think I'll take that job. I'll go work for someone else,'" he said.

To minimize the effect on employees, GE set

into motion some severance activity. After every development in the case, a new letter went out to employees, signed by the chairman and the two vice-chairmen. Beyond chronicling the bare facts of the mess, they adopted the tone that had applied to us in my barrel. "In any large organization," one read, "people may make errors in judgment. These must be viewed in relation to the extremely good reputation of our company and its people."

Still, the letters had the tenor of a sermon, meant to dissuade the flock from future sins. One missile said: "Our integrity is at the core of our business reputation, and everything that affects it is a challenge to all of us. We must do

everything within our individual and collective

powers to prevent another such incident. It is no solace to say that errors can occur in any human system."

Employees, according to GE, welcomed the communications. Some even asked if they could show the letters to customers and the press, and they were encouraged to do so.

Beyond the preaching, more rigid policies were imposed. A review board was created. An ombudsman was appointed. A videotape of an interview conducted by Mr. Doyle with John Welch, the chairman, was sent to all plants. It showed a tired Mr. Welch giving pretty much the same message presented in the letters.

A few years earlier, Manville took a similar tack when it blanketed employees with messages from the top at a time when spirits were being battered by asbestos litigation and a sudden bankruptcy filing.

Once Manville decided to petition for protection under bankruptcy laws, it bought advertisements in 68 newspapers around the country and inserted uplifting messages. At company head-

takis and regulators are telling them they wear black hats. They're going to blow things up. So management has to keep explaining to people why they've gotten black hats and why they don't deserve black hats."

Some ugly tragedies hang over a company for years, virtually disappear. Events started to heat down on the Allied Corp. in 1975, when workers at the company producing the insecticide, Kepone, for Allied were reported to be suffering from tremors, headaches and sterility. Health officials felt that cancer in the area of Virginia where the plant was located would rise, because Allied had illegally dumped Kepone in the James River.

Edwin Halkyand, Allied's senior vice president of human resources, recalls that the details had a jolting effect. Recruiters on college campuses, he said, found potential candidates spurning job offers. "We lived with that thing night and day for five years," he said.

Allied invested heavily in anti-pollution and safety controls, and the malaise died away. Nowadays, the episode rarely gets discussed. New workers do not know about Kepone. "It's in the corporate history books," Mr. Halkyand said.

Even when it is clear that a company is blameless for some tragedy, employees may feel gashed. At Prudential-Bache Securities, the chief executive, George L. Ball, recently sent out a to-a-staff memo in which he took issue with a recent newspaper story charging that he was party to the illegal check-kiting scheme at E.F. Hutton while he was there. He feared that Prudential-Bache employees might feel tarred with the same brush that was tarring him, or might conclude that he did not care about staff integrity. "My primary concern," he wrote, "is that the gossip might taint our quest for qualitative, as well as quantitative, standards that are above anything in our industry. Please don't let that happen, nor will I."

Employees at Johnson & Johnson also had to cope with indirect culpability. Sept. 30, 1982, is a date deeply etched into the mind of every J&J employee. That is when the first horrific reports arrived that people were dying from cyanide-laced Tylenol capsules. Almost immediately, it was established that Johnson & Johnson was not a culprit. Still, trauma pervaded the work force.

"It was definitely a day of silence," said Laura Kopczynski, who was working on the production line at the McNeil Consumer Products plant that was packaging Tylenol. "For the first three days, I couldn't eat or sleep. I couldn't go out and do anything. I couldn't move. I'd sit at home with the TV or the radio on. I'd have the radio playing low all through the night. And another death."

Although Johnson immediately pulled the product off the market and sent production people home, it reassured workers that it would fight the calamity. It passed on everything it knew to the press and employees. Waves of support came from unexpected sources. A button maker sent 2,000 buttons that said, "We're Coming Back." Employees pinned them on. The company came together.

Mammoth corporations, if nothing else, boast remarkable resiliency. No matter how gloomy things get, there are always sunny days again. One way or another, it seems, employees manage to recapture lost spirit.

Which is not to suggest that terrible tragedies do not leave small scars that do not completely heal. "It's still tough when you're sitting in the backyard of a Saturday afternoon barbecue and somebody gets to talking about the asbestos situation," said Chuck Hite, senior vice president of human resources at Manville. "It's not comfortable. I'm not comfortable. I'm sorry we're in bankruptcy. I'm sure that we'd all say that if we had to do over again, we'd do some things differently."

"We're sorry," said Curt Linke, Manville's vice president of corporate relations. "We're all sorry. There's a lot of blame that can be thrown around. It's a question now of how to deal with it."

Shevardnadze: Different Kind of Official

U.S. Legislators Who Met Him in 1979 Noted Independent Manner

By Gary Lee

Washington Post Service

WHEN ASHINGTON — The silver-haired politician from the Republic of Georgia in the Caucasus greeted his American guests with a joke and proceeded for two hours to impress them with his deep anti-Chinese sentiments, a firm stand against nuclear weapons and a surprisingly independent manner.

Several of the visitors, who were from the U.S. Congress, recited that their host, then 51 and the Communist Party leader in the mountainous republic of the Soviet Union, opened by thanking them for getting the accompanying high-level politicians down from Moscow — a feat he had been unable to accomplish.

Now Edward A. Shevardnadze, at 57, has moved from Tbilisi to Moscow as foreign minister. That meeting with a U.S. congressional delegation in April 1979 has taken on special weight as apparently the only extended meeting he has had with American officials.

During the talks, Mr. Shevardnadze "complained about the level of military spending," recalls John Brademas, then House majority whip and head of the delegation, and now president of New York University. "And he came across as very patriotic."

Burton H. Ritter, then a congressional aide, added: "A fear of China really came through."

He launched into a fervent denunciation of China, said Mr. Brademas, "and warned against supplying China with nuclear weapons."

Burt Hotoff, then a congressional aide, added: "A fear of China really came through."

Representative Thomas J. Downey, Democrat of New York, said that Mr. Shevardnadze went out of his way to make clear his feelings about China, displaying a "vibrant hatred."

According to Mr. Brademas's notes, Mr. Shevardnadze said, "We are very much concerned about the problem of China. Today they are attacking Vietnam, tomorrow it will be India, then the Soviet Union, and maybe even the United States. China suppresses its own people, and suppresses any opposition to a new war."

"It has a psychosis of war," Mr. Shevardnadze went on, according to Mr. Downey. "We helped them through the dark times and now they're turning their back on us."

In recent months, Soviet-Chinese relations seem to have entered a quiet thaw.

Several of those at the meeting were surprised



Eduard A. Shevardnadze at a parliament session.

that Mr. Shevardnadze's presentation was "direct," "outspoken" and free of the rhetoric and dogma commonly associated with speeches by Soviet figures.

One of the delegates, Charles A. Vanik, a former Democratic representative from Ohio, said, "I saw a man very much unlike the other Russians. He was independent, open and unrestrained."

"Sure of his power base, he was unafraid to say bold things," Mr. Vanik added.

Mr. Downey recalled: "He was very much a commanding person."

A member of the U.S. Embassy staff had briefed the delegates that Mr. Shevardnadze "didn't know too much." So many of them were surprised by how much he did know, Mr. Hoffman said.

The 1979 visit took place during the thick of U.S.-Soviet discussion over the SALT-2 arms control agreement, and when the issue of nuclear arms arose, Mr. Shevardnadze came down hard against them, several of those present said.

"We would not have a problem finding something to do with the industrial capacity we're going for weapons production," Mr. Brademas quoted Mr. Shevardnadze as having said. "That capacity could easily go to peaceful purposes."

According to Mr. Downey, the Georgian leader punctuated his position on nuclear arms with a wave of the hand and exclamation: "They're crazy."

Shevardnadze gave us a real sense that the arms race was totally senseless, Mr. Downey said. He added that Mr. Shevardnadze was proud that there were no nuclear weapons in Georgia.

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Johnson & Johnson also had a culpability. Sept. 30, 1982, ad into the mind of every kid when the first horrid reports were dying from cyanide salts. Almost immediately a hat Johnson & Johnson was

L. trauma pervaded the soft

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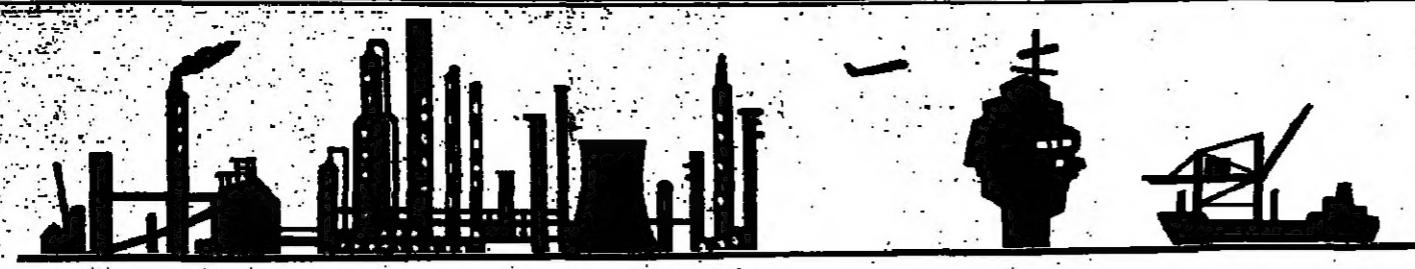
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in the world of

aluminium

Dubai has proved

its mettle.



JEBEL ALI

Free Zone

The new Dubai Jebel Ali Free Zone will help boost the Emirate's economy. Many foreign companies are already showing interest in setting up manufacturing, warehouse and distribution facilities in this Middle East Tax Free Centre. Automakers and camera groups are amongst those now knocking at the gates of the free zone which is within one of the world's largest harbor areas.



The Jebel Ali Port Control Tower

Jebel Ali Free Zone to Become Market Focus for 1 Billion People

The new Jebel Ali Free Zone Authority, which operates the largest man-made harbor in the world at Dubai, is all set to become a massive cargo and manufacturing distribution center which will serve one quarter of the world's population.

"We reckon we have a catchment area of one billion people representing the biggest market in the world," says Charles Heath, marketing director for the Jebel Ali Free Zone Authority.

Just back from a tour of free zones and ports in South-East Asia and the Far East, Heath believes that Jebel Ali can offer anything, if not more, than others established free zones in Hong Kong, Taiwan, Singapore or South Korea.

At the beginning of this summer, new laws and regulations were brought in to enhance the attractions of the port and its growing industrial complex. With a fast developing sea-air cargo link, Jebel Ali is well positioned to tranship goods throughout the Middle East, the southern Mediterranean, East and Southern Africa, and the Asian Sub-Continent.

"That's a quarter of the world's population," claims an exuberant Heath who has been sitting through hundreds of applications from international and other companies now wanting a base in Jebel Ali, just half an hour's drive from Dubai in the United Arab Emirates.

There is a complete package of incentive regulations which could turn Dubai into the most significant development area in the Middle East. One of the most important aspects of the new laws is that any company or organization operating exclusively from Jebel Ali will be regarded as a company incorporated outside the United Arab Emirates.

"To all intents and purposes it could be in Germany or Japan," says Heath. This means the company would not be subject to UAE ownership or existing labor restrictions.

Dubai is the original entrepot center of the Gulf. For generations its merchants have traded far and wide with dhows from the sheltered natural creek. The city's prosperity was founded on trade and it became rich in its own right long before the days of the oil boom in Arabia. Today Dubai is a flourishing modern city with one of the fastest growing and busiest airports in the Middle East.

The Ruler's Shrewdness

The Ruler of Dubai and vice president of the United Arab Emirates is Shaikh Rashid bin Sa'id Al Maktoum who has been the driving force behind the development of this desert sashidom.

Dubai has never been rich in natural oil or gas resources like some of its neighbors. It has always had to rely on a good nose for business. The Ruler had always urged a policy of economic diversification as far as was practical. Sometimes his suggestions were looked on with scorn as "white elephant schemes." But his uncanny shrewdness and impulsive decision-making often confounded his critics. One such example has been the creation of the original port at Jebel Ali.

Eight years ago while out walking near a sandy knoll overlooking the sea at Jebel Ali, an ancient navigation mark and a favorite picnic spot for the ruler, Shaikh Rashid thrust his walking stick into the desert and declared to those around him: "I want a port. Build it here and have it working in four years."

And thus began the construction of the largest artificial harbor in the world, one of the few man-made objects said to

Tonnage up 50 per cent

Already more than 40 companies dealing with oilfield supplies to photographic film storage and distribution have established themselves in the port area and industrial complex. In 1984 the port itself had its most successful year since full operations began just over two years ago. Tonnage through the port increased by 50 per cent to 4.8 million tons compared to 1983.

Because of the totally sheltered and virtually enclosed harbor area, vessel lay-ups also continued to play an active role in the port's activities. These totalled 1.5 million dead-weight tons and included nearly a dozen oil drilling rigs.

Although overall business has been increasing at Jebel Ali, Dubai, in common with the rest of the Gulf countries has been suffering from the overall effects of the economic recession and the continuing Iran-Iraq conflict.

Dubai felt it was necessary to do something which would help boost its economy. In 1980 a limited free zone area with private bonded warehouses was established. Earlier this year a decision was taken by the Government to upgrade the facilities at Jebel Ali and to continue the laissez-faire policy

towards entrepreneurial activity which has always been the hallmark of Dubai's commercial success.

More Liberal Attitude

There has been close cooperation between the Government of Dubai, the city's Chamber of Commerce and Industry, and the Port Authority of Jebel Ali concerning the latest developments. In January this year a decree was drawn up defining the new Free Zone Authority but this was not signed until May.

Abdul Rahman G. Al Mutaiwei, director general of the Dubai Chamber of Commerce and Industry, says that it had always been in the Government's mind to have an active free zone authority since Jebel Ali's inception. Mutaiwei, who is one of the members of the board of the new Jebel Ali Free Zone Authority, explains some of the moves behind the Free Zone.

He says that because of the decline in the overall economic situation of the region, the days of the "golden age when the economic fortunes of Dubai were turning very fast in the early 1970's, were over."

Dubai has grown rapidly. Its infrastructure was completed and "we had to search for another source of income—we have to diversify and create something new for our economy," says Mutaiwei adding: "We have to give our country a big push, industrialize ourselves and create a new resource for Dubai."

He believes that Dubai is very well equipped and can play an important role in utilizing the facilities and income which will be created through the new Free Zone at Jebel Ali which

Continued on following page

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its mettle.

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DUBAI Metal for the world - water for Dubai

On April 1975, Shaikh Rashid bin Sa'id Al Maktoum, Ruler of Dubai, signed the documents to establish the Dubai Aluminium Company Limited (DUBLI).

It was one of the first major steps towards the industrial diversification of Dubai, and customised the enterprising spirit of the Emirates.

Ten years on, DUBLI is recognised as one of the world's most advanced aluminium producers.

Now, out of that same enterprise, has grown a new neighbour for DUBLI—the Jebel Ali Free Zone.

Another bold venture aimed at securing the further economic development of Dubai.

No visa problems.
100% foreign ownership.
No sponsors required. No taxes.
Easy work permits.
Free transfer of capital and profits.
It's just the base we're looking for
to set up our new business!"

Where on earth is this place?"





They share the same address in Dubai for the same reason.

The address is the prestigious Dubai International Trade Centre. Where over a hundred major organisations have established their regional headquarters for the region.

And the reason is really quite simple. The Trade Centre offers the finest, best-maintained office space to be found anywhere in the Arabian Gulf.

39 floors of premium accommodation, designed and maintained to an unusually high standard. With extensive conference facilities, two purpose-built airconditioned exhibition halls, a luxury hotel and 500 deluxe apartments nearby.

Add to that Dubai's excellent communications and superb living and you have the best address in the Gulf - close to the heart of town and only minutes from the Jebel Ali Free Trade Zone.

For full details, drop in on your next visit to Dubai. Or write/telx Keith Hoskin at the address below:



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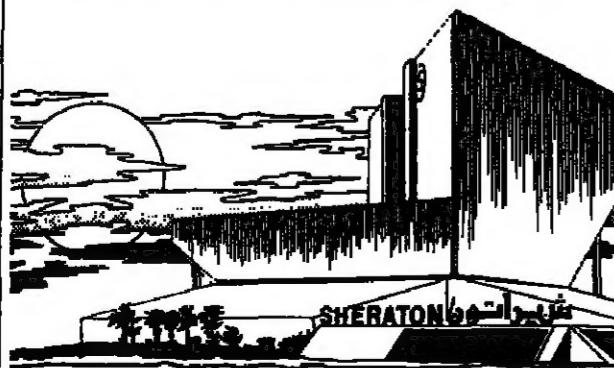
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Continued from previous page
he does not think will draw trade away from the city. "If anything, it will increase... we must adapt to local circumstances and not stop the economic wheel of fortune from turning."

Apply Today, Start Tomorrow'

Keeping the wheels turning at a rapid pace is Heath's main task at the Free Zone's head office in the port. In the few weeks since the new plans were announced, applications have been flooding in. More than 300 came in the first rush. These have now settled down to about ten a day as information about the Free Zone begins to circulate.

Already applications from the first two dozen companies are being processed and another 60-100 are in the pipeline. "If a company contacts us today, it could be operating tomorrow in certain circumstances," says Heath but admits that three to four weeks would be more reasonable. "It just depends on exactly what facilities the company wants, whether or not it wants to build something, otherwise everything is here."

The Free Zone is trying to broaden its appeal to those who want to do business from a safe, secure base in the region. "We are trying to broaden the benefits that we already have here to the multi-national companies."

The Main Benefits

What has Jebel Ali got to offer? According to Heath just about everything—and it is all working. Heath sees this as a distinct advantage when comparing the facilities at Jebel Ali with those of other aspiring free zones. He reels off some of the main benefits:

Power supplies available; Water available; Telecommunications in operation;

Easy access to the main highway linking Dubai and Abu Dhabi;

Close to Dubai International Airport; Housing accommodation already in place;

Labour already available.

In addition there are to be no taxes and all capital and profits can be remitted freely for at least 15 years.

But the most significant attraction is in the interpretation of the Decree establishing the Free Zone in relation to company ownership, employment and immigration. In addition to a general licence to operate in the Free Zone, which will mainly be reassigned to existing companies already in operation, there is to be a "special licence."

A company operating from the Free Zone within the terms of the special licence will not require a local sponsor or be subject to UAE partnership regulations. The Free Zone will itself act as sponsor and nominal employer of any labour which the company may require for its operation.

Must Live Within Free Zone

Manual and unskilled workers will have to live within the Free Zone provided

ed accommodation but will be free to travel within the UAE: white collar workers and senior staff can live outside the Free Zone. (For further details see story on page 3.)

It is the sponsorship and labour regulations which have sparked off the major interest in the Free Zone as they provide a subtle method of gearing up greater economic activity without too many bureaucratic restrictions.

However, the Free Zone is at pains to point out that by being overall nominal sponsor and employer it has no intention of becoming a source of cheap labour. As Heath himself points out, if anything the cost of labour in Dubai is sometimes higher than in other similar free trade zones in the world. Unskilled workers get about Dhs. 1,000 (\$277) a month compared to say, Dhs. 750 (\$208) in Taiwan. But Taiwan has withholding taxes—Jebel Ali has none. In fact there is no corporation or personal tax of any kind in Dubai and no currency restrictions.

Possible 'Shell' Buildings

"Every employer must sign an individual contract with his employee," explains Heath who says that the Free Zone intends to have fair, but stringent, labour legislation which will be internationally accepted by the new companies coming into the Free Zone.

Authorized recruiting offices will be allowed to operate from within the Free Zone. Initially there will be accommodation for between three and four thousand unskilled workers and further accommodation will be built as required. In addition a certain amount of administrative and office space is being provided. The Free Zone is also considering providing ready-built warehousing and manufacturing "Shell" buildings which can be adapted to customer requirements.

Heath says that the Free Zone is putting together a commercial labour construction team. "This will provide and build all the facilities which a company might require as well as supply the varying catering needs."

Staggering Response

As the mercurial Heath tends off telephone calls and would-be interruptions from his colleagues, he admits to being a little surprised by the overwhelming response to the preliminary announcement of the enhanced Free Zone just two months ago.

"We're getting in replies much faster than we would normally have expected for what is really only phase one of our expansion," says Heath.

"It is much better than we expected," says Sultan bin Sulayem, chairman of the Free Zone who firmly believes that the Free Zone is a step in the right direction.

"It will make Dubai a much more attractive place for businessmen and the Free Zone is not only going to benefit Dubai, but the whole of the Emirates as well," reaffirms American educated

Sulayem. In spite of some criticism from a few merchants, he is convinced that the Free Zone will bring new business to Dubai rather than attract existing companies from the city to Jebel Ali.

Jim Scott, executive director of the Free Zone, agrees that so far things are looking pretty good. "We are getting interest from some very substantial companies and they are asking us for the right kind of information, detailed requests, not just general questions."

One-Stop Service

As Heath explains: "We think that between 40 and 50 percent of the inquiries represent new business for us." Until final approval is given he is reluctant to name companies but says they include a major food processing group

from New Zealand, one European auto manufacturer, two automakers and truck supplier from the Far East, one of the world's largest optical manufacturers, and the second largest 35 mm camera manufacturer in the world.

Scott says that what the Free Zone is really looking for are major international manufacturers with large product lines who want assembly or sub-assembly facilities and a gateway to distribution links.

"We want to provide a one-stop service for these people," he says.

Jebel Ali is served by half a dozen major shipping freight lines. One area of rapid growth is in air-sea cargo links which Heath believes offers plenty of scope for development at Jebel Ali. Often a manufacturer will ship his

products from say the Far East to the Middle East and then fly the goods to their final destination in Europe, which works out cheaper and quicker by saving sailing and fuel costs.

Dubai Airport Link

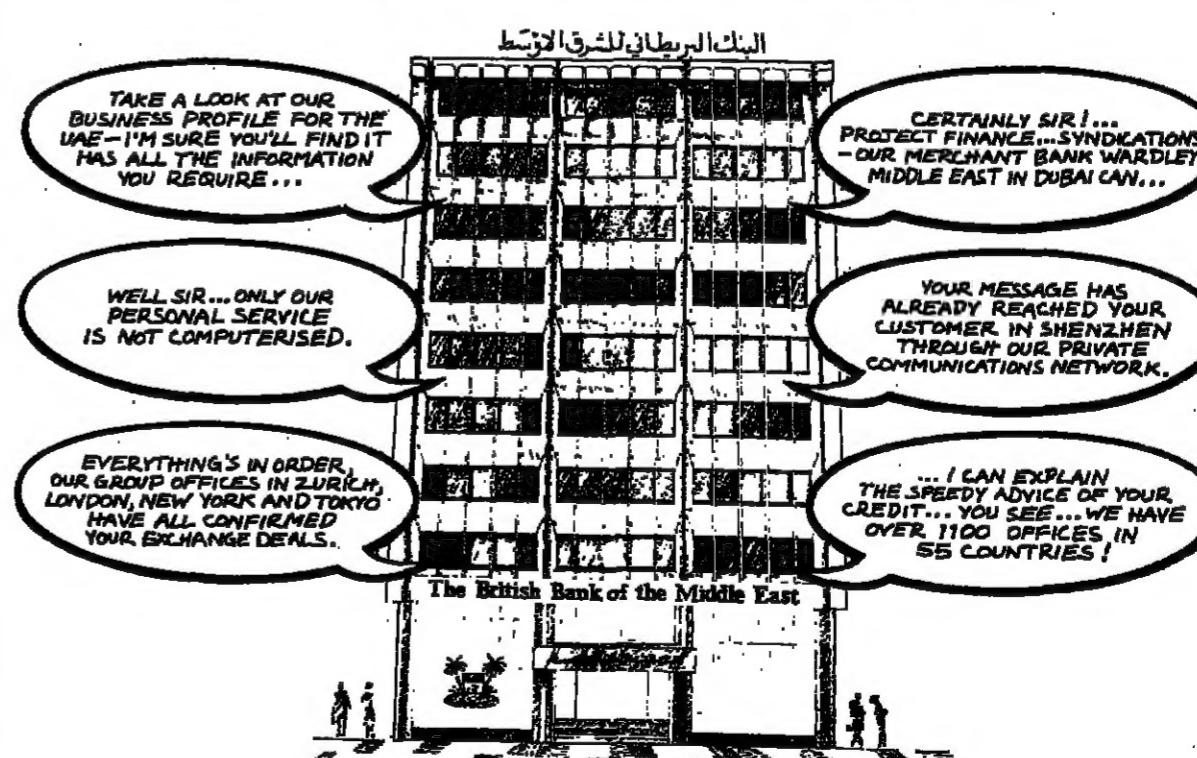
At present only about one percent of all cargo in the world goes by a combination of sea and air. In the next eight years sea air cargo is expected to amount to a total of five percent and Heath believes that one percent of all world sea-air cargo trade could come through Jebel Ali.

Cargo would be unloaded at the docks and then taken by special vehicles to Dubai International Airport where it would be stored in a special free trade zone or bonded area for onward shipment by air. This facility is expected

to be available shortly and will both strengthen the links and improve the overall services available from Jebel Ali and Dubai. It may be no coincidence that Dubai has also announced the formation of a new airline, Emirates, to bring about a much needed improvement in regional communications.

With the increasing pace of commercial and allied developments, including the strengthening of the banking system within the UAE, Dubai is well on the way to extending its trade links through the improved facilities at the Jebel Ali Free Zone. Those running the Free Zone hope that Jebel Ali will become a golden spoke in Dubai's ceaselessly turning wheel of fortune, which may now be gathering further momentum.

Considering business in the Free Zone?



Talk to us first.

As the first bank in the Emirates our local knowledge and experience is unsurpassed. And with our international connections through the HongkongBank group, The British Bank of the Middle East is the bank to contact if you are contemplating doing business in the Jebel Ali Free Zone or indeed, anywhere else in the Middle East.

We have been operating in this region since 1889 and as part of the Hongkong Bank group, we have more than 1100



offices in 55 countries. That adds up to nearly a century's experience in opening up new markets. In addition to providing a complete range of financial services to meet your needs, we also offer valuable market information by way of our Business Profile Series publications.

Whether you're considering establishing a base in the Jebel Ali Free Zone or contemplating business in the Middle East—talk to us today.

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Jebel Ali Free Zone Authority Facilities

The newly created Free Zone Authority has issued a preliminary notice outlining the additional facilities which it is now offering to those available from the previous Port Authority of Jebel Ali. The most significant points are in the two types of licences which will be issued. These consist of a "general licence" and a "special licence".

Any foreign company wishing to do business in Dubai has always had to have a local sponsor or business partner. The company also has had to apply to the federal authorities for work permits and immigration approval on behalf of its staff if they are not UAE nationals. This has to be done through its local partner.

From now on a company already operating or seeking to operate from within the Free Zone, and who wishes to trade within the UAE must still use the services of a local agent and will be granted a "general licence."

However, a company may hire its own labour or staff within the Free Zone under a special agreement, if it operates only within the Free Zone and does not export to the UAE. Should the company want to export to the UAE or to any member of the Gulf Cooperation Council to which the UAE belongs (this has still to be clarified) it still needs a local agent. But the agent will not have to act as sponsor.

In practice the Dubai authorities will treat the "special licence" holder as a foreign company working "overseas" although it happens to be only 25 miles away at Jebel Ali. In the case of the "special licence" the Free Zone Authority will act as overall sponsor for the company and its staff but without taking a share of the profits as in the case of a local partnership.

Many of the details and practicalities of the licensing

agreements have still to be worked out and there are several "grey" areas particularly regarding the GCC which is seeking to introduce common tariffs and customs agreements.

Detailed rules and regulations for the operation of the Jebel Ali Free Zone Authority are still being drawn up. The official Decree No. 1-1985 establishing the Free Zone in Jebel Ali was issued on January 9 and signed by Shaikh Maktoum Bin Rashid Al Maktoum, Crown Prince and Deputy Ruler of Dubai. It was published in the Official Gazette at the end of April.

Notice No. 001/85 from the

(a) GENERAL LICENCES to those Users wishing to operate freely at present, both within the Free Zone and outside it.

(b) SPECIAL LICENCES to Users wishing to operate within the Free Zone only.

The validity period of these licences to be negotiable.

3. General Licences: General licences will remain, as at present, subject to all Municipal and Federal Licensing requirements, and the Federal labour laws.

4. Special Licences:

(a) Companies and Organisations licensed to operate exclusively within the Free Zone shall be deemed incor-

porated outside the UAE and therefore will not be subject to any national ownership restrictions or partnership requirements; but they will consequently not be permitted to export goods or services to the UAE except through a Local Agent. This Agent will not be required to sponsor the Licensee or his staff and will not be responsible for any debts or liabilities incurred by the Licensee or his staff.

(b) Staff and labour re-

quired by a Special Licensee

for his operations within the Free Zone will be provided through the Free Zone Authority under a special Hiring Agreement by which the Licensee retains practical control of recruitment and employment conditions, but the Free Zone Authority acts as sponsor and Nominal Employer and will issue the necessary work permits which will be valid for employment within the Free Zone only.

5. Taxes and Charges: Neither class of Licensee will be liable to any Government or Municipal taxes or similar imposts in respect of his operations or property within the Free Zone, but will pay normal rates of charges for any outside services utilised. PAJA and Free Zone charges and dues will be negotiated by separate agreement.

6. Repatriation of Capital and Profits: All imported capital and profits arising from Free Zone business will be freely transferable abroad for a minimum period of 15 years.

7. GENERAL CONDITIONS

7. All services provided by or being the responsibility of the Municipality of Dubai will be provided within the Free Zone by the Port Authority of Jebel Ali acting on behalf of the Jebel Ali Free Zone Authority.

8. Existing Free Zone Customs Regulations will remain unchanged e.g. there will be no duty on Free Zone goods unless imported into the UAE. The Commercial Agencies law and Municipal restrictions will not apply to goods transmitting the Free Zone.

9. Dealings will be prohibited in the following goods: raw and prepared opium, coca leaves, cannabis resin and preparations whose basis is resin of cannabis and cocaine, fake or counterfeit goods, or boycotted goods.

10. Dealings in arms, ammunition and explosives will be restricted in accordance with existing regulations.



Sultan Bin Sulayem, Chairman of the Jebel Ali Free Zone Authority Board: I feel we are taking a step in the right direction... the response has been much better than we expected.

Jebel Ali Free Zone Authority is reproduced below:

1. Control of Free Zone: All existing users of the Free Zone will come under the control of the Free Zone Authority, but previous agreements (e.g. PBA arrangements) will remain in force until further notice.

2. New appointments: All applications for Free Zone rights must be submitted to the Free Zone Authority. Two types of licences will be issued to accepted users of the Free Zone.

(a) Staff and labour re-

quired by a Special Licensee

for his operations within the Free Zone will be provided through the Free Zone Authority under a special Hiring Agreement by which the Licensee retains practical control of recruitment and employment conditions, but the Free Zone Authority acts as sponsor and Nominal Employer and will issue the necessary work permits which will be valid for employment within the Free Zone only.

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Container Ships Make Greater Use of Port's 67 Berths and 9 Miles of Quays

It takes about 20 minutes to drive from one side of Jebel Ali Free Zone to the other. The 7,500 acre site is only just being fenced and the eleven and a half mile wire link barrier around the port should be completed by the end of next month.

As you approach from Dubai City past the huge Trade Center tower block and the Hilton apartments, the Dubai Electricity Company's power station and then the Dubai aluminium smelter works loom up out of the swirling afternoon heat which reaches more than 46 degrees Centigrade in summer.

Near to the cold store alongside the southern basin are a number of laid up vessels together with several jack-up oil drilling platforms. Opposite them are the main port administration offices and transport park.

More container traffic

Behind these facilities lies the entrance to the container and ro-ro terminal which is approached through another check point and weighbridge. Last year a third gantry crane was installed to increase the efficiency of container handling. Total throughput in 1984 was 151,750 twenty-foot equivalent units (TEU's) which was an increase of 23 percent. Container tonnage also rose by 23 percent to just under 1 million tonnes.

The dozen or so vessels and 15 oil drilling rigs laid up in the port are dwarfed by the basins dug out of the desert. Although virtually all of the basic infrastructure for the port has been completed some of the paved service link roads are still under construction. These will be finished in the near future.

Polaroid use store

The main entrance to the port area is through the east gate near the Dugas turn-off. Just through the check point, now constantly manned (all vehicles leaving are searched), is a large blue green shed housing the cold store which is one of the largest in the Middle East. It is also one of the Free Zone's most important facilities.

During the summer Pan

Gulf installed a new feeder service at the terminal to connect Abu Dhabi and Sharjah every fortnight. Transhipment now accounts for 45 percent of the port's total container movements.

space for 67 berths of all kinds, with dredged depths of up to 14 metres below low water level. Just over a mile of wharfage is available for single users and there are special zones designated for different types of cargo—petroleum products, dry bulk and forest products, berths with refrigeration and warehousing facilities and industrial user berths.

A new fuel oil berth, primarily for the use of the Jebel Ali power station was commissioned during the year along with two 500,000 barrel condensate storage tanks to serve ARCO's Margham gas field. As a result the volume of petroleum products landed jumped by 75 percent to 2.9 million tonnes in 1984.

Free Zone changes

Until now there has been a designated "free trade zone" within the port area. However, with the publication of a new decree by the Government of Dubai, the overall status of the Port of Jebel Ali has been enhanced to that of a complete "free zone" with its own administrative authority. Working terms and conditions remain much the same as before apart from the new kind of special licence (see adjacent story).

In the past, minimum plot areas of land have been available for leasing at preferential rates depending on the proximity to the quayside. These plots have started at 5,000 square meters but Heath believes that the new FZA may be offering smaller sized parcels of land.

"The inquiries so far indicate that there is a need for more modest plots in some cases," says Heath who is also examining the possibility of providing ready-made "shell buildings" as an operational base for new companies. These would be in addition to existing warehousing facilities which now exist in 18 different areas of the Free Zone.

Rents range from Dhs. 5.38 (\$1.46) per square metre per year up to Dhs. 32.28 (\$8.7) for plots adjacent and facing the quayside. Electricity, water and telecommunications links are provided to all points within the Free Zone.



Photo: Jebel Ali Port Authority.

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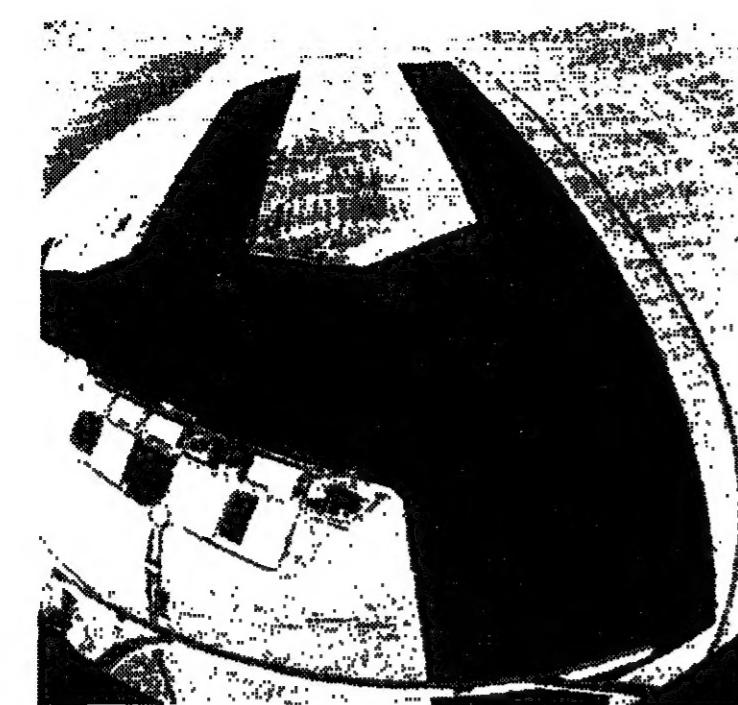
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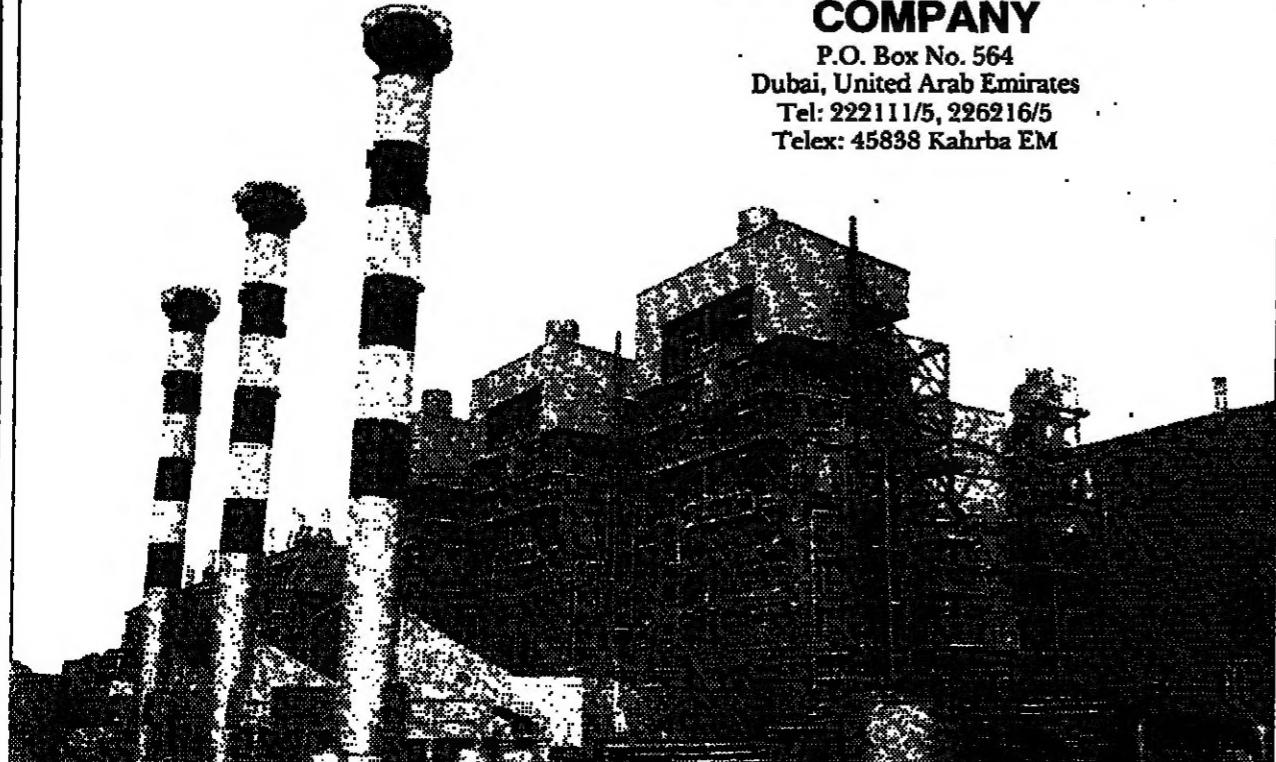
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RELIABLE AND ABUNDANT POWER AT JEBEL ALI

Dubai Electricity Company decided way back in 1975 to locate its Central Power and Desalination Station at Jebel Ali in close proximity to the Jebel Ali Port. This Central Power and Desalination Station can produce, at present, 650 MW of Electricity and 32 million Imperial Gallons of water daily. The Company also established a bulk distribution point at Jebel Ali

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Dubai Airport Will Take Part In New Sea-Air Cargo Challenge

Mohi-din Abdulkadir Bin-Binhendi, director general of Dubai's Department of Civil Aviation is a man in a hurry. "I like to get things done overnight," he says rather mischievously, whenever faced with a challenging situation.

Certainly things are moving at Dubai Airport, where a new arrivals terminal and other extensions are due to be completed next year. It is well on the way to becoming one of the busiest airports in the Middle East and principal gateway to the Gulf countries. It also has one of the fastest growing and least expensive duty free shopping complexes in the world, which is attracting global interest from travellers.

Although new developments are not quite completed instantly, one of the latest is the decision by the Government of Dubai to form its own Emirates airline which it hopes will greatly improve regional services. This is due to start operations in the fall.

The new developments at Jebel Ali also mean greater activity for Dubai Airport on the cargo side as part of the sea-air cargo service which the Free Zone Authority is promoting for the future.

"Anything which brings in more business to Dubai is good for us as far as I am concerned," says the quietly aggressive US educated Bin-hendi.

New free zone terminal

Final plans are being drawn up for a new sea-air cargo terminal to be built by the airport with special free zone or private bonded areas for the transhipment of cargoes from vessels calling at Jebel Ali.

"We are carrying out a special distribution study at the moment to see how we can best serve not only the region but further afield as well," explains Bin-hendi on a frantic morning in his office,

while trying to deal with half a dozen problems at once as members of his staff troop in and out.

A piece of air cargo was a 9 metre long piece of machinery weighing 36 tonnes which was carried in an Air France Boeing 747 freighter.

Dubai is now linked to 70 airports worldwide and is served by some 45 airlines. Last year there were more than 48,000 traffic movements and 3.6 million passengers passed through the airport services and every effort is being made to turn "flers into buyers."

Bin-hendi is justly proud of the duty free complex which he sees fulfilling the needs of passengers. He believes that a duty free shopping complex should be an integral part of the airport services and every effort is being made to turn "flers into buyers."

One special feature of the complex is an attractive "Gifts from Dubai" section where local textiles, handicrafts and other items can be bought by last-minute shoppers or those in transit who want to pick up a Dubai souvenir.

This has come about as the result of frustration over services offered by Gulf Air which is jointly owned by four of the Gulf countries including the United Arab Emirates, of which Dubai is a member.

Partly because of a dispute between Gulf Air and Dubai over ticketing rights, Gulf Air has drastically reduced its services to and from Dubai. In the last two years the number of flights to Dubai have been reduced from 108 a week to 44. Dubai has always been firmly committed to an "open skies" policy as far as airlines using its airport are concerned and it hopes that its new airline will act as a stabilising factor in the region.

The Dubai National Air Travel Agency (DNATA) which provides most of the professional airport and ground services at Dubai is said to be taking over the operational side of the airline which will most likely be subcontracted to a major international carrier.

Emirates Airways is already in the market for new aircraft, which are likely to include two A300 Airbuses and two Boeing 737s. The general feeling in aviation circles is that Emirates could pay its way and there was ample justification for what it was setting out to achieve. Some revenue forecasts suggest that a figure of at least \$125 million would not be unrealistic.

New airline proposed

The major new aviation development which will have an important bearing on the Jebel Ali Free Zone as far as communications are concerned is Dubai's decision to start its Emirates airline.

Making "flers into buyers"

December, 1984 saw the end of the first operational year for the newly opened duty free shopping complex which is now receiving international acclaim. A major part of the lower floor level of the existing terminal building was gutted and a thoroughly modern parade of attractive duty free boutiques was built in its place.

There is a very wide range of goods on display from gold bars, the latest in electronic cameras, to fashions, leatherware, spirits and sports goods.

Colm McLoughlin, general manager of the duty free shopping complex, claims to

have some of the cheapest drinks on sale compared to any other duty free shop in the world. It also sells some of the most expensive luxury watches encrusted with gold and diamonds. The jewelry shop probably offers one of the most comprehensive ranges of gold items to be found at any airport. Total sales this year are expected to pass the budgeted target of \$22 million by a comfortable margin.

Bin-hendi is justly proud of the duty free complex which he sees fulfilling the needs of passengers. He believes that a duty free shopping complex should be an integral part of the airport services and every effort is being made to turn "flers into buyers."

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McLoughlin, and his Irish team mates, who helped establish and run the duty free shop at Shannon Airport in Ireland, is constantly adding to the 500 or more stock items and plans to offer a variety of services to passengers as well as mail order. It was while passing through Shannon one day that Bin-hendi decided that Dubai had to have something similar — only better. Naturally he wanted it to be operating overnight.

Final details of the composition of the new airline and its fleet are expected to be announced anytime. The new airline may also play an important role in the new air-sea cargo link with Jebel Ali when it has consolidated its position in the region.

Dubai International Airport, now one of the busiest in the Middle East

Polaroid Use Cold Store in Distribution Link

One of the most important innovations in the free zone is the long low green shed housing the cold store. This has a capacity of 42,000 square metres and is one of the largest in the Middle East. According to the FZA, last year's use of the cold store exceeded all expectations. Thirty reefer ships called at the store and more than 50,000 tonnes of cargo, mainly food products, were handled.

With the strategic geographical location of the port the cold store offers significant opportunities to distributors serving the Middle East or Asian sub-continent who need facilities for holding frozen, chilled or perishable products which need a strictly controlled environment.

One of the main customers to make use of the store is Polaroid which has chosen Jebel Ali as its main distribution center for the Middle East, India and Pakistan. Its film stock needs a strictly controlled cool environment to protect it.

Lloyd's approval

Jebel Ali's cold store carries Lloyd's approval and classification. It consists of eight separate cold store rooms of different sizes with variable temperatures ranging from -29 deg. Centigrade to +13 deg. Centigrade. The relative humidity can also be controlled to suit individual product requirements.

The sophisticated refrigeration machinery is computer controlled and includes two emergency standby generators. Electronically controlled temperature recorders, as well as giving minute by minute monitoring, provide temperature readouts every 15 seconds. In addition a permanent record is provided for the 24-hour cycle.

The store is only 30 metres from the quayside which helps to make rapid transfer of cargo even swifter. With summer peak temperatures soaring to more than 50 deg C. speedy handling can be critical in some cases. The store can handle up to 9,300 pallet converters for rapid and direct transit of cargo from ship to store.

The port also has its own fleet of special vehicles and handling equipment including forklift trucks and Athlet sit-on lifters.

Temperature-controlled warehouse

In addition to the cold store, the port also has a 6,000 cubic metre capacity warehouse with temperature control facilities. This is located near the container terminal and freight station.

Temperature in the warehouse can be controlled to 21 deg. Centigrade with a controlled humidity of between 50-60 percent. The warehouse is equipped with fourteen 25-ton air conditioning units which have extra capacity in case of failure of part of the

system. Alternatively it is possible, if required, to lower the temperature of the whole building to below average requirements.

It is fitted with all the normal fire detection and protection systems with direct links to the port's fire station.

Because of the extreme summer temperatures and high humidity the warehouse is ideal for storing delicate cargoes such as electronic and computer components, pharmaceuticals and cigarettes.

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First Emirates Gas Swap Will Help Boost Industrial Development

come about as the frustration over served by Gulf Air jointly owned by the United Arab Emirates, of which Dubai is a part.

because of a dispute between Gulf Air and Dubai setting rights, Gulf Air has drastically reduced its flights from Dubai over the last two years. It has reduced from 108 a week. Dubai has always been committed to an "open" policy as far as using its airport is concerned, and it hopes that airline will act as a key factor in the re-

Dubai National Air Agency (DNATA) provides most of the annual airport and services at Dubai is taking over the final side of the airline, all most likely to be submitted to a major inter-

national carrier. Emirates Airline is also in the market for new aircraft, which are likely to be two A300s or Boeing 747s. The general aviation in aviation circuit that Emirates could play a key role in achieving revenue forecasts suggests a figure of at least \$1 billion would not be un-

realistic. Details of the composition of the new airline and its future are expected to be revealed shortly. The new airline may also play an important role in the new airport link with Jebel Ali, as it has consolidated its position in the region.

Primer resource

Cheap natural gas has been one of the prime resources which has enabled the rapid development of the

industrial complex at Jebel Ali, and the Free Zone Authority hopes that its availability along with proximity of the port will attract further companies interested in some kind of manufacturing or processing.

In addition there is an abundant supply of aluminum from the Dubai works which last year achieved a record output of 155,355 tonnes during its third year of operation. This was 27 percent more than the previous year and 15 percent more than the smelter's initial designed capacity of 135,000 tonnes.

Dubai has a highly automated plant with a multi-national workforce of just over 1,300. It is almost certainly the most efficiently run plant in the Middle East and produces aluminum with an average metal purity of 99.87 percent. Aluminum is produced by the electro-chemical reduction process from three potlines.

The raw materials, alumina (mostly from Australia), petroleum coke and pitch are unloading and stored on a special quayside facility at the port. During an average year about 370,000 tonnes in total are handled. The plant works continuously around the clock with three eight-hour shifts. The whole operation is computer controlled and hu-

man workers are conspicuous only by their absence. Most of the "voices" heard are computer simulated.

Sweet water production

But apart from aluminum, which it exports to more than 20 countries, most of it to Japan, the US, and Iran, the company also produces an average of 18.8 million gallons a day of desalinated water for the city of Dubai. Energy constitutes about 40 percent of the reduction process and Dubai's power plant, which comprises five large and eight smaller gas-fired turbines, produces enough power equivalent, says their information department, to 4 million boiling electric kettles.

What makes Dubai's plant unique is the combination of using surplus power and waste heat from the gas turbines to produce desalinated water. Where else can you find a plant that makes metal and freshwater? At the end of 1984 the Government of Dubai agreed to the construction of extra evaporators, bringing the total to nine. According to Ian Livingstone, Dubai's chairman and chief executive, the company is still waiting final go ahead for the evaporators which will increase the output of sweet water to some 45 million gallons a day.

"We can produce more water less expensively than by any other method," is Livingstone's modest claim. "We also have plans to use more natural gas after we have modified some of our equipment."

He believes that the developments at Jebel Ali should help Dubai but it was too early to say whether any of the new companies coming to the FZA would be interested in using aluminum as a raw material.

"There are possibilities, but no active discussions at present," admits Livingstone. It is really the overall world

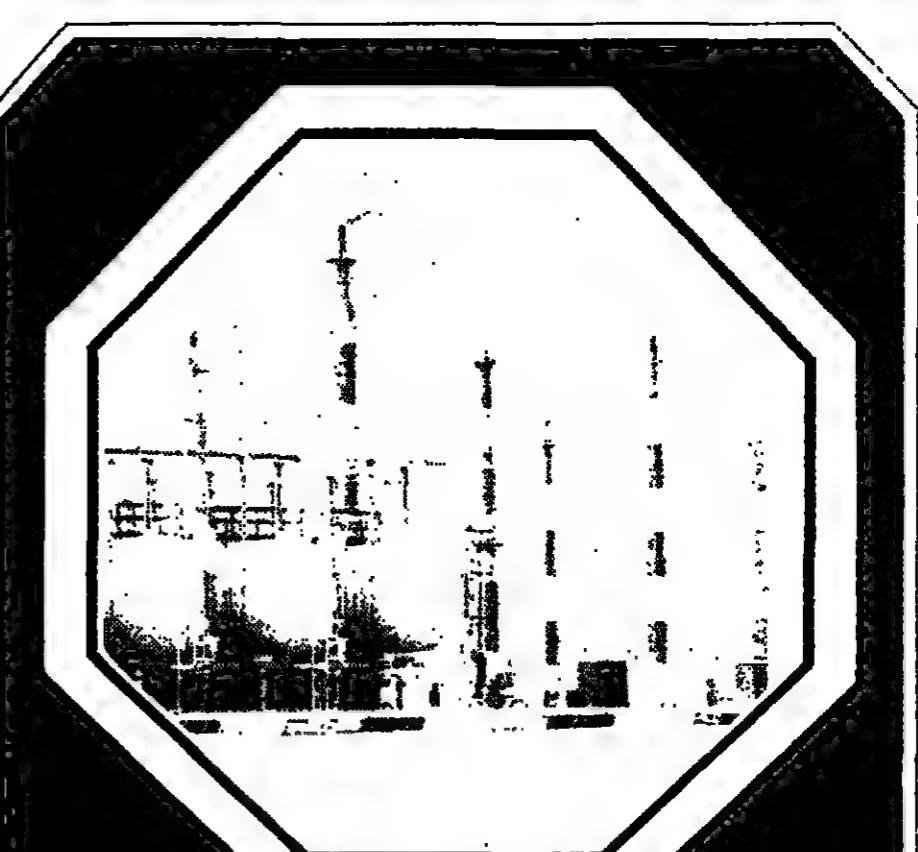
market that determines these things."

Power - and more water

Apart from the sweet water manufactured by Dubai,

million more gallons of water daily. Waste heat from the gas turbines will be used in the desalination process in similar manner to the Dubai system. The new gas turbines should be running next year and the whole plant operational by the end of 1987.

According to a spokesman at the company the main problem is to be able to meet the peak load for power during the height of the summer months when everyone switches on their air conditioning equipment at 3 p.m.



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"We want to offer a one-

service stop here at the Jebel Ali Free Zone."

— Charles Heath, marketing director, Jebel Ali Free Zone Authority.

"As far as I am concerned anything that brings in more business to Dubai is going to be the best thing... but I want it overnight."

— Bill Duff, financial expert, and member of the Jebel Ali Free Zone Authority.

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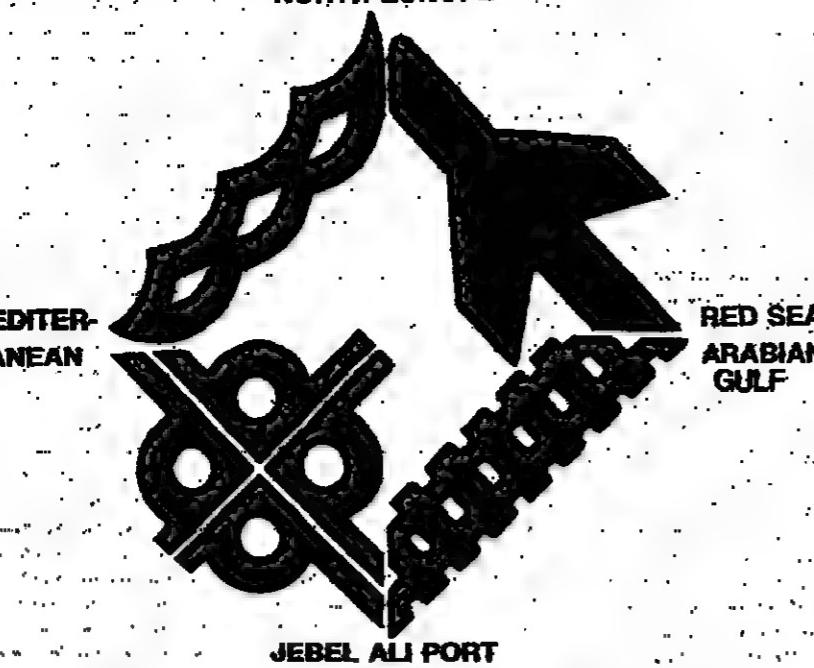


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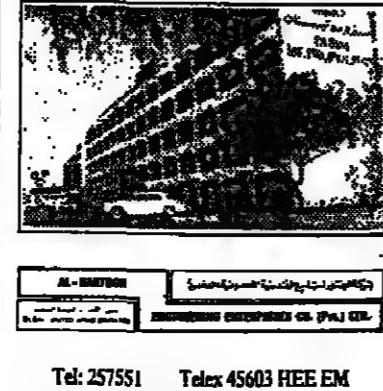
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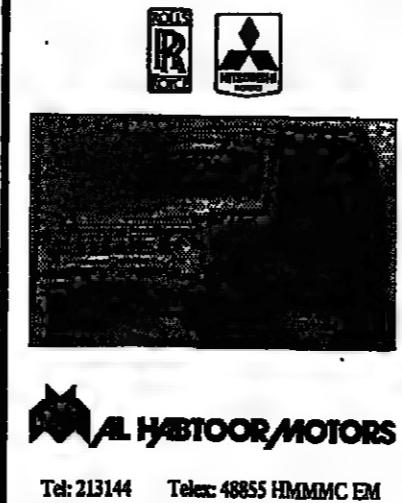
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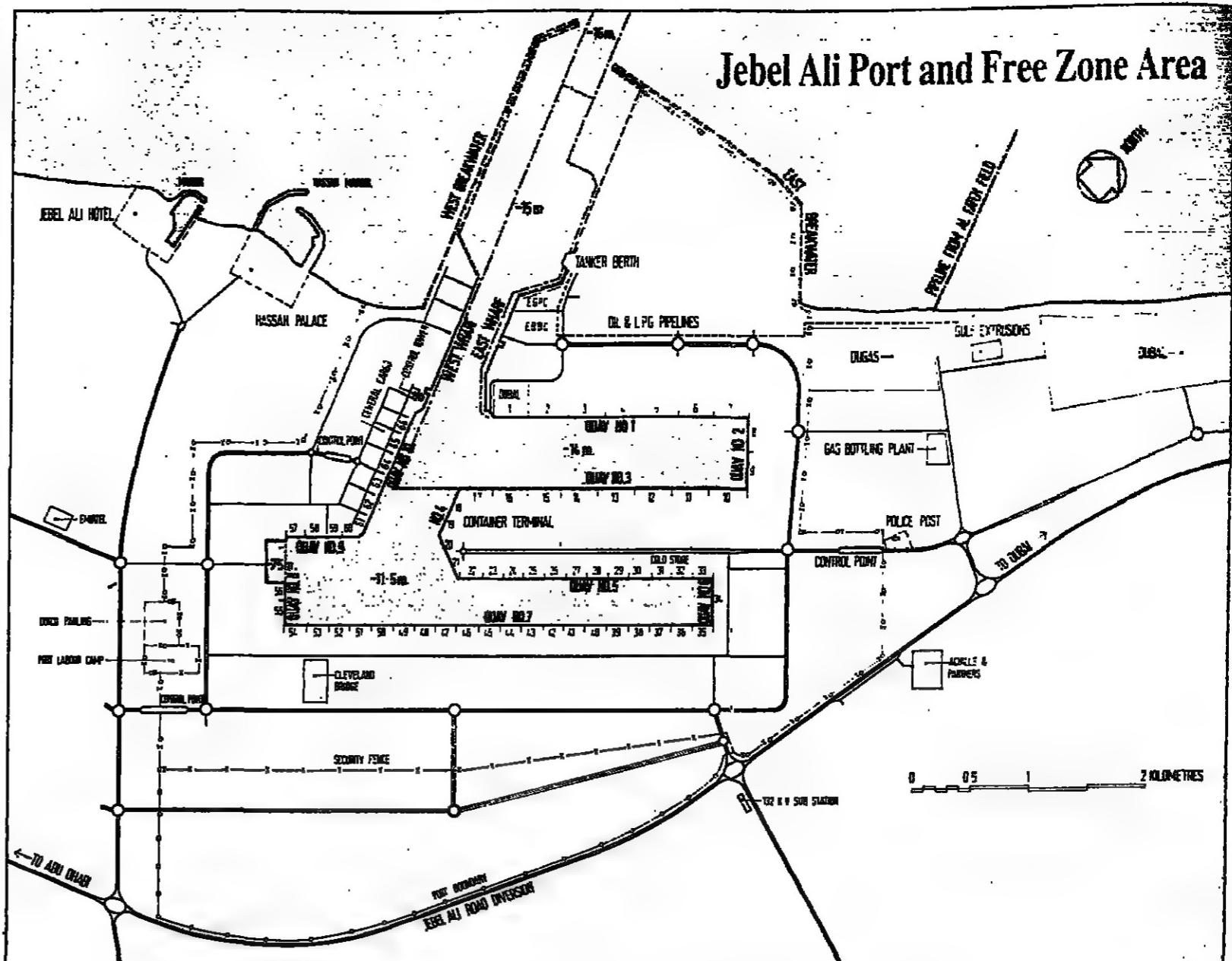
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Jebel Ali Port and Free Zone Area



Stronger Banking Sector has Key Role to Play in New Development

The ground breaking ceremony for Jebel Ali in the summer of 1976 was a dramatic occasion attended by the leading Sheikhs, senior diplomats, bankers and journalists. Before the actual event, few of the foreigners present had known where Jebel Ali was on the map. In the evening the Ruler of Dubai, Sheikh Rashid bin Said Al-Maktoum entertained his guests to a dinner in the Beach Palace.

It was the high water mark for expansion of the banking industry in the UAE. Many of the bankers who chatted with Ahmed Baqr of Dutc, the main sponsor of the foreign contractors involved in building Jebel Ali's port, looked forward to the prospect of opening branches in Jebel Ali New Town, or at least in the 39-storey Dubai International Trade Centre which marked the 1976 limit of Dubai on the long empty road to Abu Dhabi.

Today, several banks including Amsterdam Rotterdam Bank which received an offshore licence in 1976 are housed in the plush and prestigious Trade Centre but little activity has taken place at Jebel Ali itself. The only widely publicised bank branch opening in the UAE in 1985 has been a ceremony at the inland oasis city of Al Ain. Yet the ambitions expressed in the Free Zone legislation announced in April clearly envisage a role for local and foreign banks to service business brought to the UAE by the Jebel Ali project.

The scale of Jebel Ali as a satellite city of Dubai is much smaller than originally planned, since at one time Sheikh Rashid had in mind a whole new city, with a projected population of 67,000 first earth movers trundled onto the site.

Four mergers this year It was already clear before the oil revenue of the Gulf co-operation Council (GCC) will be more mergers.

Among the banks affected by the mergers policy have been the Emirates National Bank, now merged into Union Bank of the Middle East which itself is now owned by the Government of Dubai. Another 1976 bank, Federal Commercial Bank, has joined with Emirates Commercial Bank and Khaleej Commercial Bank to form Commercial Bank of Abu Dhabi. The merger news is a reflection of the fact that the UAE with its population of just over 1 million has suffered from an imbalance in the industry which only now is being adjusted.

International Banks
The foreign banks have come under review by the Central Bank and branches have been cut, but they still hold a valuable segment of the total banking scene. The National Bank of Dubai and British Bank of the Middle East handle part of the Dubai Aluminium account at Jebel Ali and the Toronto Dominion is in a similar privileged position with the Dubai Gas Company in the industrial zone. Lloyds Bank International, of the UK, is another bank with an entrenched position in the economy, having played an important role in financing some of Dubai's industrial projects, including the aluminium smelter at Jebel Ali.

One of the longest established foreign banks is Citibank which has been in Dubai for more than 20 years. The leading figure, apart from Central Bank Governor Al-Hammar in disciplining the banking sector has been Minister of State for Finance, Ahmad Humaid al-Tayer. He first came to prominence in 1977, when the then expatriate head of the UAE Currency Board resigned, following the closure of two banks and a run on the Dirham. Al-Tayer was one of a triumvirate of UAE nationals who

took control and paved the way for the establishment of a fully fledged Central Bank in 1980. Al Tayer's tough no-nonsense, or sentimental, approach has helped to maintain international confidence in the UAE as a trading partner.

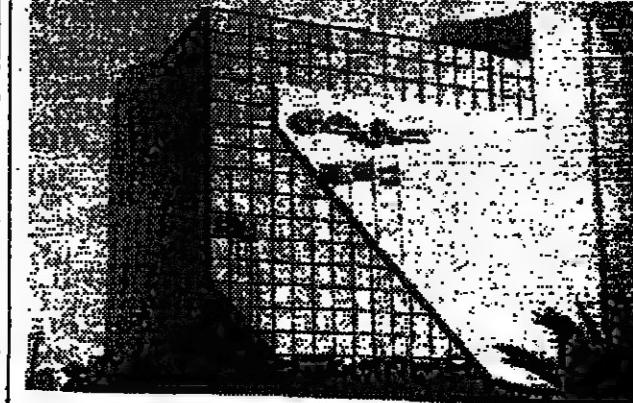
Al Tayer's intention is to cut the number of UAE local banks from 23 to 12. In a recent interview, he explained the attitude of the Dubai authorities which are now very much in line with the federal government standpoint. "The Government does not want to see any bank or business collapse here, so what we are doing is for the country's reputation and to help the private sector. We have to encourage the banks to merge."

Improved position

The Minister of State is highly critical of the family-owned banks where the directors imprudently borrowed from their own institutions. Foreign bankers point out, however, that the UAE authorities, in particular the Government of Dubai, have acted in a highly responsible manner in underwriting the local banks. Some even go so far as to suggest that the UAE is in a much stronger position to deal with financial accidents in the banking community than in Bahrain, with its large offshore banking enclave, but relatively weak regulatory monetary agency.

In the current round of bank reporting on their 1984 results local banks are revealing the level of their inner reserves. Foreign owned banks must now publish full figures. The disclosure requirements still fall far short of US requirements, where banks are required to aggregate both non-performing loans (when interest is more than six months overdue) and loan loss reserves, as separate percentages of total loan portfolios. They are nevertheless considered a step in the right direction.

What is emerging in the UAE is a better regulated banking system which will be more able to act as a partner in developments, such as the Jebel Ali Free Zone.



Citibank's striking offices in Dubai.

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Commerce Chamber Taking Consultative Lead in Free Zone Expansion

It is Dubai's "open-door" policy towards commercial enterprise which has largely contributed to its economic success and earned it the title of "city of merchants". Dubai's prosperity has been founded on its expanding commercial links between the Middle East, Europe, the Asian sub-continent and South-East Asia. Its imports and re-exports, the entrepot trade, have been the backbone of its rapid expansion.

The Dubai Chamber of Commerce and Industry, whose modern offices overlook the Dubai Creek, has been instrumental in maintaining and improving the overall business environment which makes the city so different from others in the region. The chamber has also played a leading role in the

development of Jebel Ali which it sees as complementary to the activities of Du-

bai's own merchants in the city.

Its director general, Abdul Rahman G. Al Mutawee, is one of the five board members of the newly created Jebel Ali Free Zone Authority. He has had the task of bringing together the hearts and minds of Dubai's business community and those responsible for running the port and industrial complexes at Jebel Ali.

Creating a "big push"

"We are now preparing the final rules and regulations for the Free Zone," says Mutawee. He sees Jebel Ali as a catalyst for further economic development in Dubai which had suffered, not so much because of the overall world recession and decline in trade, but more from the conflict

Abdul Rahman G. Al Mutawee, Director General, Dubai Chamber of Commerce and Industry, and a member of the FZA Board: Dubai can play an important role in utilizing the FZA facilities.



between Iran and Iraq which had been important trading partners for Dubai.

"We had to search for something new and create a big push for our economy," adds Mutawee. "There has been an incredible interest in the Free Zone and it is proving very fruitful so far."

His Excellency Saeed Juma Al Naboodah, president of the Chamber and one

He goes on to explain that the Free Zone, will now be different from others in the world because of four basic reasons:

1. It is located in a strategic position in the Middle East which is one of the main markets in the world.

2. Energy costs are inexpensive because of local hydrocarbon resources.

3. There are no taxes of any kind.

4. There are no restrictions on capital transfers.

He thinks that there are opportunities for many kinds of projects at Jebel Ali. These could include those using natural energy resources such as oil and gas; companies wanting to finish or assemble semi-manufactured goods which could be marketed in the region thus saving freight costs; and companies which would benefit from "no quota" restrictions.

Ideally, Naboodah would like to see more capital-intensive plants with low manpower needs at Jebel Ali. It would be some years before Dubai felt the practical effects from the newly established companies - thirty of which were already in the pipeline - at Jebel Ali.

Both Naboodah and Mutawee agree that the interests of Dubai's merchants must be safeguarded by future developments at Jebel Ali although they did not see any direct conflict of interests.

"We want to give the Dubai people even more business because it is the merchants

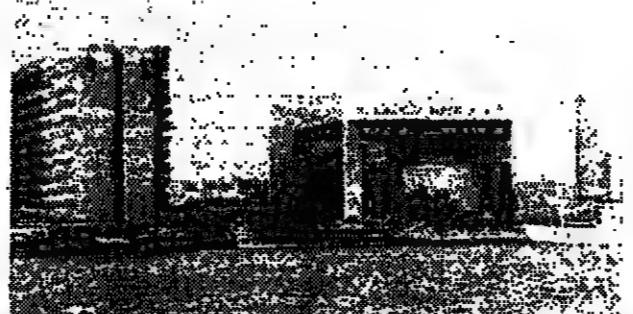
who are Dubai - they are its livelihood, its economy, its commerce," says Mutawee.

"The Free Zone's expansion is the result of interest and constructive ideas from some of the most important businessmen in Dubai's industrial and commercial circles."

Dubai does today must be good for someone else tomorrow.

However, Naboodah is somewhat sceptical of others trying to emulate Dubai's success and innovation. He says:

"The commercial atmosphere and mentality of its businessmen are historical and traditional and thus hard to compete against. Therefore, since Dubai is so old established and well in the lead we don't expect our innovations to be copied - the expected success of Jebel Ali will be founded on other successful factors in Dubai which might be hard and hazardous for others to follow".



Dubai's City Hall - a futuristic building within a building by the creek. There is to be close cooperation between the city and Jebel Ali.

of the city's leading businessmen, is a firm believer in Dubai's traditional liberal attitude towards commercial development. The city had established itself as the leading regional trade centre for the Gulf region and the Jebel Ali Free Zone would help to increase this activity.

"There is no doubt that the formation of the Free Zone will boost the role of Dubai", says Naboodah. He explains that the Chamber is acting in a consultative economic role between Dubai and the Free Zone which is why his colleague had been appointed to the Free Zone Board.

Free Zone idea 'always there'

Although the lime light is currently on the expansion and enhancement of the Free Zone at Jebel Ali, Naboodah says that it had always been the plan to have a Free Zone at the port which was one of the main reasons why Jebel Ali had been built in the first place. After its opening in 1980 a limited FTZ had been established.

More Than a Hole in one for Local Contractors

periods when blasting took place instead.

The main harbor works began in 1977 and were completed during 1981. The consulting engineers for the project were Halcrow International Partnership, Dubai. The main contractor for the dredging work was Gulf Cobia with Dutco and Costain-Blankenvoort assisted by the Chicago company, Great Lakes Dredge and Dock Company.

Civil engineering works were carried out by the Mina Jebel Ali Construction joint venture (MJAC) which consisted of Dutco, Balfour Beatty Construction and Stevin Middle East.

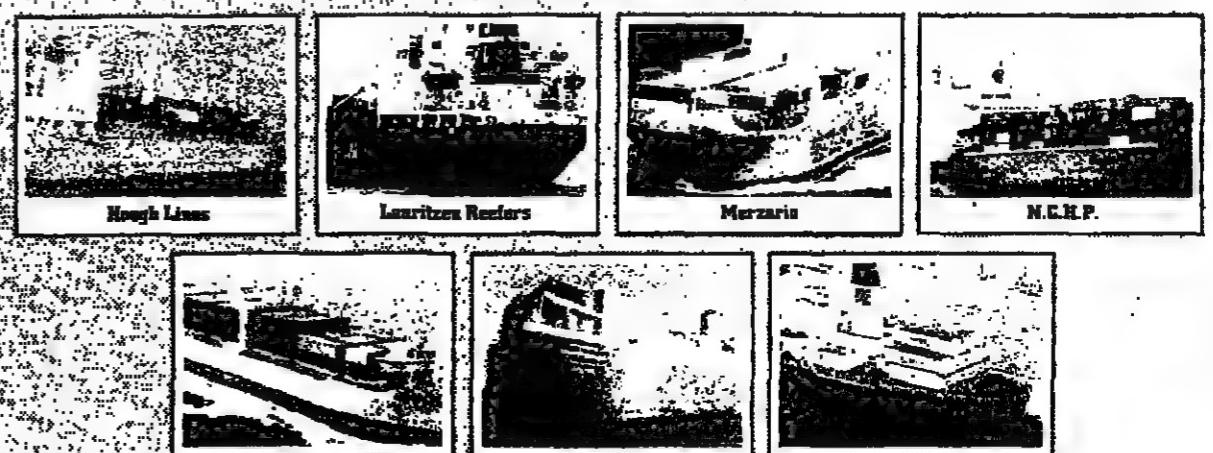
Although construction activity has passed its peak in Dubai, because most of the infrastructure both in the city and at Jebel Ali is complete, companies like Paulings, Dutco, Balfour Beatty are still active. So is Cleveland Bridge, which has been responsible for most of the civil engineering prefabricated steelworks at the port and elsewhere. Cleveland, which was one of the first companies to move into Jebel Ali, and the other construction and engineering companies, are hoping that the developments in the Free Zone will stimulate further works.

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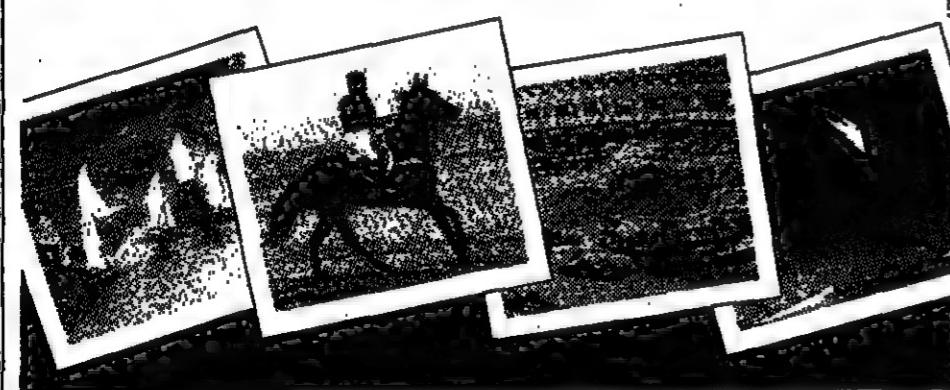
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Khalaf Al Habtoor is a man with many interests in Dubai ranging from being a marble importer to acting as the sole local agent for Rolls Royce cars. In 15 years, 35-year-old Habtoor has built up a highly diversified business empire which also includes one of the most progressive construction companies in the UAE - Al Habtoor Engineering Enterprises (HEE).

Mr. Khalaf Al Habtoor.

Already the company has built the new Dubai General Hospital and the maternity hospital in the city. Unusually, HEE is also developing its interests abroad. It is now involved in Bahrain and Jordan.

In Bahrain HEE is taking part in the multi-million dollar Arabian Gulf University project. In Jordan HEE is building the Zarqa Ma'In Spa complex and the Islamic Bank Housing contract.

One of its most prestigious operations is in the marble field. Al Habtoor Marble import some of the world's finest marble from Italy, and elsewhere, which is used in many of Dubai's luxury buildings. As the original HEE company expanded Habtoor decided to establish Construction Machinery Centre (CMC) to provide machinery and equipment for the civil engineering and building industry. Recently HEE received the 1985 International Asia Award in recognition of its work.

Al Habtoor's Dubai Metropolitan Hotel has also recently received two international awards for its contribution to trade and tourism development.

Trade Centre Plays Complimentary Role With Exhibitions and Offices

Today, Dubai's dominating 39-storey International Trade Centre building symbolises the "wider perspective" which the Emirate has gained. It offers a host of facilities for companies including office space and accommodation in the Hilton apartments alongside. It also organises some of the most important conferences and exhibitions in the Middle East which are held in its own exhibition halls. Because of increased demand for larg-

er capacity exhibitions a new \$3.3 million hall is currently under construction and should be ready for the next season.

"The exhibition side of our business has been growing so fast that we have been forced to add another hall totalling 45,000 sq. ft," says Guy Guillermard, general manager of the Trade Centre Management Company.

When the trade centre opened provision was made for only one comparatively small exhibition hall. Three years ago a second hall was

al events, has become the shop window for the Gulf region.

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Hotels Prepare For Busier Times Ahead

Looking at the glistening white yachts and motor cruisers gently rolling on the swell in the marina by the Jebel Ali Hotel, it is difficult to realise that just over the horizon is the largest man-made harbour in the world. Only the occasional smoky haze from the flared gas waste at Dugas gives a hint of the industrial activity.

With its beautifully landscaped gardens and greens, and its flock of peacocks strutting under the shady bushes, the hotel is a more than welcome oasis in the surrounding desert wilderness. Nestling in the enveloping facade of the four storey building is one of the most perfect pool settings to be found anywhere. Young palm trees scattered with meticulous care over the sloping ground which runs down to a pristine beach give cover from the scorching sun.



Jebel Ali Hotel: the luxurious pool and marina.

Ten years ago such a setting would have been almost impossible to find in the Gulf. Today there are other hotels with facilities that would be the envy of any of the world's better known resorts from Rio de Janeiro to Waikiki. Few, however, can compare with the beautiful surroundings of the Jebel Ali Hotel where the standard of service is just as attentive and the cuisine equally matched.

Unrivalled facilities

Margaret Hennessy, who has been on the hotel management staff for just over a year, says the hotel is now looking expectedly to a flourish of new business from companies coming to the Free Zone. During the week, the hotel is less than busy although major efforts are now being made to increase

Princess Anne visits

That distinction probably goes to the Dubai Metropolitan Hotel which lies on the main road out of Dubai city well past the International Trade Centre. Majeed Khalil, who is the general manager and one of the keenest promotional entrepreneurs in Dubai, also expects a surge in business from the Free Zone.

The hotel, which is part of the widely diversified Al Habtoor group, is in an isolated position chosen originally because it was to have been near the new airport. In the end this was built closer to the city.

"Well, anybody who comes

to Dubai and wants to go to Jebel Ali has to come by our door, so why not stop here?" argues Khalil. In order to attract more business activity he has introduced a number of spectacular innovations from an auto show, the largest in the Emirates, to the extremely successful Dubai International Horse Show. Last year Princess Anne, from Great Britain, took part in the three-day event. This year's event is to be held in December and an even larger entry is expected.

Khalil also innovated the "room and drive" offer. Book a room for a certain number of nights and a hire car was thrown in free. In addition the hotel, in common with all others in Dubai can now sponsor those visitors from abroad who need visas to enter the Emirate. Previously visitors could only be sponsored by a local business partner or certain official or semi-official organisations. This rule no longer applies. If you let Khalil know when you are coming, a car will also meet you at the airport and bring you to the hotel. Other hotels do offer similar courtesy services, but usually with coaches or minibuses. (The Hyatt Regency has liveried chauffeurs).

Awards for Metropolitan

This year the Metropolitan received the Islamic Trade Award. In 1984, it gained the International Award for the Tourist and Hotel Industry for the United Arab Emirates.

Nearer to the city is the Hilton International where Walter Annen, general manager, believes the Free Zone will create many more opportunities. "Everyone should benefit — the hotels, real estate developers, the restaurants, car hire companies and employment generally," says a bullish Annen who sees Dubai entering what he describes as "a normalising period."

"There will be no return to the old gold rush days," adds Annen who came to Dubai seven years ago at the tail end of the economic boom period. The hotel's public areas are being extensively remodelled to provide more facilities for functions and recreation including a stylish British tavern.

At one time there was a drastic shortage of hotels and leisure facilities in Dubai. Today the situation has changed. Alongside the creek are several large internationally managed chain hotels and some smaller locally run but acceptable hotels for the discerning visitor.

These range from the dramatic symbolic concrete and glass diamond-shaped Sheraton, next to the McDermott International oil field supplies service depot shortly to be vacated (it is moving to Jebel Ali), to the old established Carlton Tower. The Carlton was one of the first modern hotels to be built in Dubai back in the seventies. Nearby is the Intercontinental conveniently near the Dubai Chamber of Commerce and Industry.

Because of the surfeit of rooms, prices are infinitely negotiable at the time of booking and vary considerably from one hotel to another. Normally a businessman can be expected to pay around a basic \$85 a night for first class accommodation with colour TV, refrigerated minibar and other usual facilities.

added doubling the total space to 74,900 sq. ft. to meet the needs of exhibitions such as Arab Health, Motexha, Arab Water and Technology and the Gulf Computer Show.

The addition of the new hall will enable even larger exhibitions to be staged. earmarked for later this year are the Middle East Agriculture Exhibition and Conference, Hotel 85, Motexha and Chilidexpo and the 5th Gulf Computer Exhibition.

Work started on the new hall in April and is well underway. When completed by November it will provide the largest single air-conditioned exhibition space in the Middle East when used in conjunction with the existing display space.

Clive Lowe, technical manager, describes the construction and finish of the new hall: "Many design criteria have been derived directly from this twin-use objective.

These include clear ceiling heights of five metres, underfloor services, largely column-free rectangular space; the design of steelwork will have a visual impact internally and externally — the partition between the two halls will offer total separation on some occasions and completely free access on others".

Some of the companies which are presently in the tower may move to Jebel Ali.

If they are multi-national companies which have taken office space in the central tower block which is the highest building in the Middle East. They include IBM, Westinghouse Electric, Kellogg, Johnson & Johnson, Philips Industries, Den Norske Creditbank, Lloyds Bank International and many companies associated with the oil and gas industries.

The Jebel Ali Port Authority has also had an office in the tower and the new Free Zone Authority will be work-

ing closely with the trade center management in the future. The management sees the centre's role as being complimentary in many ways to what will be going on at Jebel Ali which is almost visible from the top of the tower depending on the weather.

The trade centre management do not foresee any companies moving en masse from the tower as it would not necessarily be to their advantage.

On the other hand there is a strong feeling that many of the international companies which are being attracted to Jebel Ali may also want to have offices downtown in the tower.

"This is what we are hoping and expect," said a management spokesman confident that what is good for Jebel Ali is going to be good for the Trade Centre.

Luxury apartments

Apart from the office accommodation another side to the complex are the three blocks of self-contained apartments alongside on the direct route to Jebel Ali. There are 492 apartments altogether of which about 85 percent are occupied. There is a very

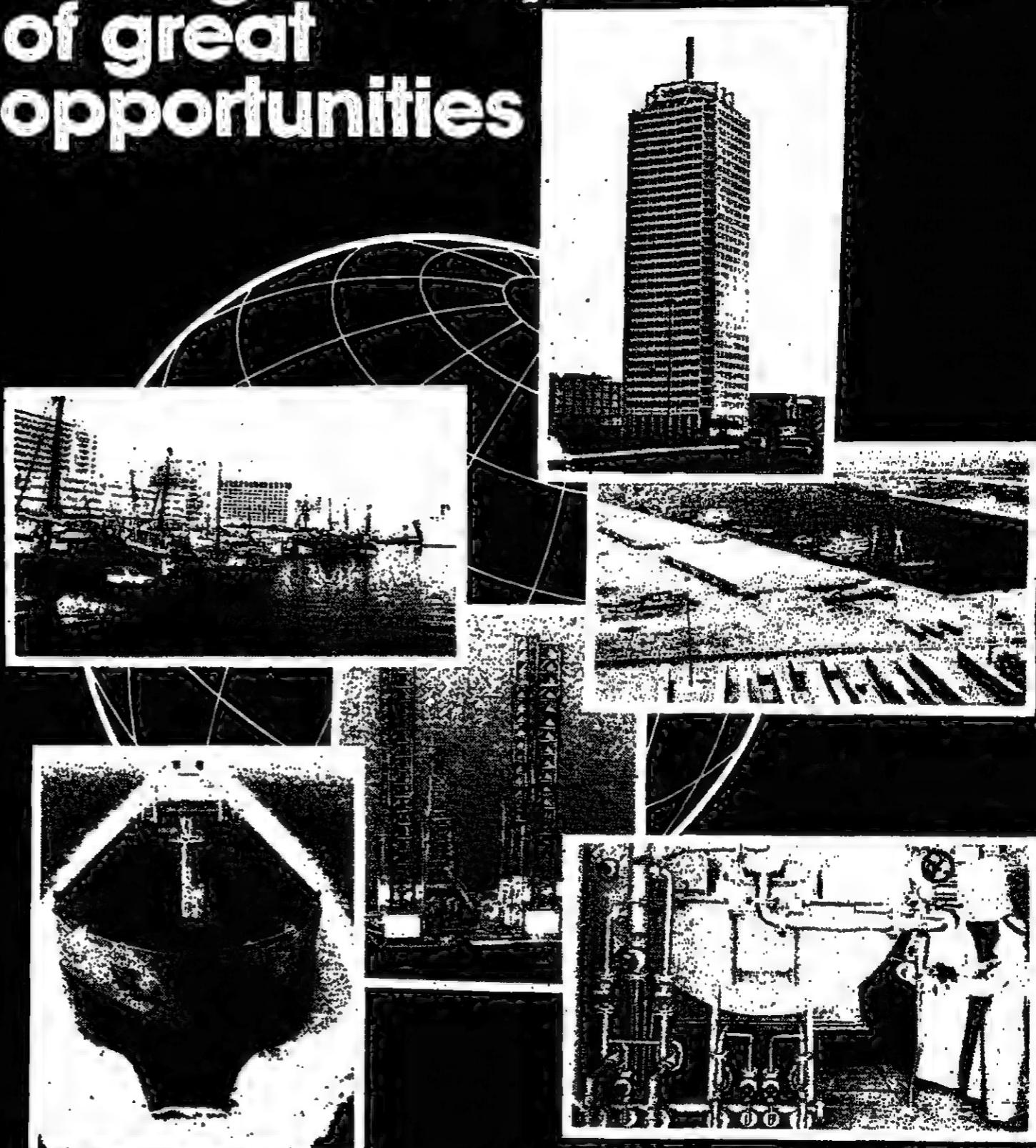
high standard of accommodation which could prove ideal for executives whose companies have moved into the new Free Zone at Jebel Ali which is less than 20 minutes drive away.

Guillermard says that last year they had about one dozen families living in the apartments whose work was in Abu Dhabi as they found the rents to be competitive.

Taking into account the range of services and recreational facilities which the apartments can offer rents compare very favourably with individual private apartment blocks in Dubai, Deira, or Jumeira.

The only accommodation at present available any nearer Jebel Ali, apart from the Metropolitan Hotel, the Jebel Ali Hotel, are the existing villas in Jebel Ali village itself almost all of which are constantly occupied.

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WEDNESDAY, JULY 17, 1985

**

INTERNATIONAL MANAGER

Control Data's EAR
Listens to Problems

By SHERRY BUCHANAN

International Herald Tribune

LONDON — The last person from whom you would expect to get some Tender Loving Care is a manager in your company. Yet four years ago, Control Data Ltd., the British affiliate of the U.S. computer company, began a new service, the Employee Advisory Resource (EAR), to help employees and their families with personal problems, including those related to work.

The parent Control Data Corp. has had an EAR in operation since 1974, and is one of the few U.S. companies to have introduced this kind of service to its European subsidiaries, first in Britain and more recently in France, the Netherlands and West Germany. Johnson & Johnson Ltd., the British unit of the U.S. health and personal-care products company, has recently begun a similar service.

"According to Control Data staff members in Europe, the service has been a success. A poll done by Information et Conseil, the service at Control Data France SA, showed that 92 percent of those who had used it were satisfied."

In the London headquarters of Control Data Ltd., EAR gets 500 calls a year. Control Data has a staff of 350 at its headquarters and employs a total of 2,300 in Britain.

"It's there because of the philosophy that a troubled employee doesn't perform well," said John Hall, the manager of EAR in London. He reports directly to the managing director.

The service is free, voluntary and confidential. "One of the imperatives for such a system to work is that it be totally confidential; we cannot afford any leaks," said Jacques Schmidt, manager of corporate communications at Control Data France, who set up the service there. To ensure confidentiality, France's EAR manager does not have to account for expense account lunch partners by name.

EAR keeps records on employees' problems for statistical purposes only. According to Mr. Hall, even if the records were broken into it would be difficult to decode the information and associate an individual's name with a specific problem.

TWO-THIRDS of the calls to EAR in London are for purely personal problems. Yet it also provides advice on a wide variety of legal, financial and other practical services, such as probing a will or getting redress from a cleaner who has ruined your best suit.

Critics of the service argue that a company has no business interfering in private affairs. Or, that it is not up to the company to provide employees with psychological help.

"I was very anti," said Brian Lawrence, manager of marketing and development at Control Data in London. "From a political point of view, we already have a country that throws too much at its people. Maybe this was just another form of that. I couldn't see the need for it and I didn't want it." He changed his mind after EAR had helped one of his salesmen cope with a difficult situation.

Because EAR advises on all kinds of problems, there is no stigma attached to using it. Opening the EAR office door, on the third floor of the London office building, does not necessarily mean that a marriage is on the rocks or that someone is on the verge of a nervous breakdown.

If EAR refers an employee to a psychiatrist, nobody will know whether the employee actually took the advice and went. If the employee chooses to tell he is undergoing psychiatric treatment, that information will not appear on the employee's company record.

According to Control Data managers who have used EAR, the service helped them cope with some very difficult situations.

One salesman asked his manager for time off from work because the salesman's schizophrenic daughter had run away from home. At a loss, the manager, who was not a fan of EAR,

(Continued on Page 17, Col. 7)

Currency Rates

Cross Rates									
\$	E.U.	F.F.	P.L.	Gdr.	S.F.	Yen			
1.345	4.512	122.58	37.04	1.727	1.254	132.4			
1.28	4.442	120.89	36.09	1.717	1.244	130.4			
1.25	4.386	120.2	35.54	1.704	1.234	128.4			
1.22	4.332	119.5	35.04	1.694	1.224	126.4			
1.19	4.282	118.8	34.54	1.684	1.214	124.4			
1.16	4.232	118.1	34.04	1.674	1.204	122.4			
1.13	4.182	117.4	33.54	1.664	1.194	120.4			
1.10	4.132	116.7	33.04	1.654	1.184	118.4			
1.07	4.082	116.0	32.54	1.644	1.174	116.4			
1.04	4.032	115.3	32.04	1.634	1.164	114.4			
1.01	3.982	114.6	31.54	1.624	1.154	112.4			
98	3.932	113.9	31.04	1.614	1.144	110.4			
95	3.882	113.2	30.54	1.604	1.134	108.4			
92	3.832	112.5	30.04	1.594	1.124	106.4			
89	3.782	111.8	29.54	1.584	1.114	104.4			
86	3.732	111.1	29.04	1.574	1.104	102.4			
83	3.682	110.4	28.54	1.564	1.094	100.4			
80	3.632	109.7	28.04	1.554	1.084	98.4			
77	3.582	109.0	27.54	1.544	1.074	96.4			
74	3.532	108.3	27.04	1.534	1.064	94.4			
71	3.482	107.6	26.54	1.524	1.054	92.4			
68	3.432	106.9	26.04	1.514	1.044	90.4			
65	3.382	106.2	25.54	1.504	1.034	88.4			
62	3.332	105.5	25.04	1.494	1.024	86.4			
59	3.282	104.8	24.54	1.484	1.014	84.4			
56	3.232	104.1	24.04	1.474	1.004	82.4			
53	3.182	103.4	23.54	1.464	0.994	80.4			
50	3.132	102.7	23.04	1.454	0.984	78.4			
47	3.082	102.0	22.54	1.444	0.974	76.4			
44	3.032	101.3	22.04	1.434	0.964	74.4			
41	2.982	100.6	21.54	1.424	0.954	72.4			
38	2.932	99.9	21.04	1.414	0.944	70.4			
35	2.882	99.2	20.54	1.404	0.934	68.4			
32	2.832	98.5	20.04	1.394	0.924	66.4			
29	2.782	97.8	19.54	1.384	0.914	64.4			
26	2.732	97.1	19.04	1.374	0.904	62.4			
23	2.682	96.4	18.54	1.364	0.894	60.4			
20	2.632	95.7	18.04	1.354	0.884	58.4			
17	2.582	95.0	17.54	1.344	0.874	56.4			
14	2.532	94.3	17.04	1.334	0.864	54.4			
11	2.482	93.6	16.54	1.324	0.854	52.4			
8	2.432	92.9	16.04	1.314	0.844	50.4			
5	2.382	92.2	15.54	1.304	0.834	48.4			
2	2.332	91.5	15.04	1.294	0.824	46.4			
-	2.282	90.8	14.54	1.284	0.814	44.4			
1	2.232	90.1	14.04	1.274	0.804	42.4			
-	2.182	90.0	13.54	1.264	0.794	40.4			
0	2.132	90.0	13.04	1.254	0.784	38.4			
-	2.082	90.0	12.54	1.244	0.774	36.4			
-	2.032	90.0	12.04	1.234	0.764	34.4			
-	1.982	90.0	11.54	1.224	0.754	32.4			
-	1.932	90.0	11.04	1.214	0.744	30.4			
-	1.882	90.0	10.54	1.204	0.734	28.4			
-	1.832	90.0	10.04	1.194	0.724	26.4			
-	1.782	90.0	9.54	1.184	0.714	24.4			
-	1.732	90.0	9.04	1.174	0.704	22.4			
-	1.682	90.0	8.54	1.164	0.694	20.4			
-	1.632	90.0	8.04	1.154	0.684	18.4			
-	1.582	90.0	7.54	1.144	0.674	16.4			
-	1.532	90.0	7.04	1.134	0.664	14.4			
-	1.482	90.0	6.54	1.124	0.654	12.4			
-	1.432	90.0	6.04	1.114	0.644	10.4			
-	1.382	90.0	5.54	1.104	0.634	8.4			
-	1.332	90.0	5.04	1.094	0.624	6.4			
-	1.282	90.0	4.54	1.084	0.614	4.4			
-	1.232	90.0	4.04	1.074	0.604	2.4			
-	1.182	90.0	3.54	1.064	0.594	0.4			
-	1.132	90.0	3.04	1.054	0.584	-			
-	1.082	90.0	2.54	1.044	0.574	-			
-	1.032	90.0	2.04	1.034	0.564	-			
-	982	90.0	1.54	1.024	0.554				

SPORTS

Baseball Union Sets Aug. 6 Strike Deadline

Compiled by Our Staff From Dispatches

CHICAGO — The executive board of the Major League Players Association on Monday designated Aug. 6 as the date the players would strike if they did not reach agreement with the club owners on a new collective bargaining agreement.

"We mean business," said Shane

Rawley, player representative of the Philadelphia Phillies. "And the sooner we get this over with, the better. The date is set and if there's no agreement by then, adios."

The 30-member board selected Aug. 6 primarily because a large number of contenders are scheduled to begin playing each other at that time. On that particular Tuesday, the New York Mets play Montreal and the Chicago Cubs play St. Louis in two critical National League East series, and San Diego plays Cincinnati in a National League West matchup.

In the American League, Baltimore plays Toronto, Minnesota meets Oakland and Detroit plays Kansas City. The following weekend there are other matchups that figure to be big attractions. The players hope the owners will make a serious effort to reach an agreement to avoid losing the revenue those crowds will produce.

An Aug. 6 strike would also give the two sides time to settle their differences and return in time for the postseason games, the league championship series and the World Series, which generate \$120 million in television rights for the owners.

A Sept. 15 deadline had been considered but was seen as coming dangerously close to jeopardizing the postseason games.

Several players selected for Tues-

day's All-Star Game in Minneapolis commented on the setting of the strike date:

• Atlanta center fielder Dale Murphy: "You hate to think about stuff like that at a time like this, but it has crossed my mind."

• New York Met pitcher Ron Darling: "I think I'm like anyone else. I don't want to see a strike. Hopefully, this will push both sides closer."

• St. Louis shortstop Ozzie Smith: "It's just like 1981. Only way you can get your point across is to see a strike date. I wish we didn't have to, but here we are."

• Cincinnati player-manager Pete Rose, who is 33 hits away from matching Ty Cobb's career record for base hits: "They'll dicker and dicker before they realize that both sides are serious. That's when they'll get down to business."

• Chicago White Sox outfielder Harold Baines: "Am I optimistic? I guess not. We've been trying since November."

• Oakland reliever Jay Howell: "I really don't know much about it. You're really talking to a guy who's finally happy to be playing in his first All-Star Game."

Representatives of the players and the owners have been meeting sporadically for eight months in an effort to reach an agreement to replace the one that expired on Dec. 31. Much of the time in recent

months has been spent on disputing whether or not baseball, as an industry, has severe financial problems, as the owners contend. There has been little discussion of other issues — minimum salary, salary arbitration, free agency, pensions and other benefits.

The players have studied the owners' financial figures, particularly for the 1984 season; they maintain the clubs made a \$9 million profit, while the owners say they lost from \$27 million to \$43 million.

The next negotiating session is scheduled for New York on Thursday, less than three weeks before the strike date.

"I don't feel a strike is inevitable," said Donald Fehr, acting executive director of MLPA. "If we put our heads together, we can find a way through this — unless a strike is what the owners want."

A strike would be the third in six years and the fourth ever by the players association.

The players struck for 50 days during the 1981 season over the issue of compensation for free agents. In 1980, during negotiations for a new agreement, they struck the last few days of the exhibition season.

The union staged its first strike in 1972, walking out three days before the end of spring training and striking the first 10 days of the

season before agreement was reached on the owners' contribution to the players' pension and benefit plan. Eighty-six games were lost that year. The 1981 strike forced cancellation of 712 games.

Twenty-one team representatives voted for the Aug. 6 deadline. The San Diego Padres were the lone team that did not. Terry Kennedy, the Padres' representative, explained to the board that players on his team favored a strike, if necessary, but would prefer a later date.

Les MacPhail, the owners' chief negotiator, was in Minneapolis for the All-Star Game. "We are and have been ready to collectively address the problems confronting us," he said. "We do not want a strike. It would be a failure on both our parts and unfair to the fans."

"We will make every reasonable effort consistent with our obligations to the game and the problems to reach an agreement before the Aug. 6 deadline."

In announcing the strike date, Fehr criticized the owners and Commissioner Peter Ueberroth. On Sunday, Ueberroth had told a national television audience that "a strike is a failure... it's not a strike date; it's a failure date. It means both sides have failed to come together."

Said Fehr: "That's true only if both sides are doing everything they can. [The owners'] position from the beginning has been: 'We'll talk to you tomorrow. If not then, maybe next week. Maybe.'

Ueberroth, he said, "doesn't even bother to keep up to date on issues." On Tuesday, Ueberroth said he was "kind of happy" a strike deadline had been set. The negotiators, he said, should "get this over with. It puts the pressure on everybody.... I think they'll get it done."

(NYT, AP, WP)



Shane Rawley

... We mean business.

Ozzie Smith

... It's just like 1981.

Boston's Marathon Will Turn Pro at 90

Compiled by Our Staff From Dispatches

BOSTON — The Boston Athletic Association voted late Monday to award prize money for the Boston Marathon, starting with its 90th running next April 21. The decision ends the race's amateur status.

In recent years, there had been a steady decline in world-class entrants in the nation's oldest continually run marathon as top contenders bypassed Boston to train for marathons offering prize money.

The BAA said the decision is intended to continue the event's tradition of excellence and to assure quality fields. "I don't think we're going away from the Boston prestige," said Robert Weiss, one of the association's 37 governors. "By adding prize money, we'll attract more world-class runners."

"That's the delicate balance we have to watch out for over the next couple of months."

The announcement was hailed by former champion Bill Rodgers and 1984-85 titlist Geoff Smith of Britain.

"I think it can be the best marathon in the world if they continue to make these types of changes," said Rodgers, who won in 1975 and 1978-80. "Runners want to compete against their best competition. I think Boston's prestige will pull people back."

Smith added: "I'd love to win Boston with a great field," he said. "The thought of running Boston again is exciting."

Except for Smith, virtually all top marathoners bypassed the race in 1985, when entries dropped below 6,000 (there were 6,800 in 1984) and the number of male runners with times below 2 hours, 20 minutes fell to 20 from a high of 77 in 1982. Foreign entries also dropped, from 550 in 1984 to 375 this year.

Smith said the BAA "can't go half way" about the amount of prize money it offers. Marathons such as those in New York and Chicago offer more than \$270,000 in prizes.

The board's announcement followed last week's release of a memorandum by the staff of Boston Mayor Raymond L. Flynn that proposed awarding total prizes of \$292,500.

The memo was prepared after consultation with members of the running, business and political communities. Under the proposal, the prizes would include \$30,000 for winning, \$10,000 for a course record, \$10,000 for a U.S. record and \$7,500 for a world record.

Winners have traditionally received a laurel wreath and — along with every other finisher — a plate of beef stew.

The dispute over awarding prize money began four years ago.

"I wanted to give prize money four years ago," said Bill Cloney, who was BAA president and race director at the time. "The other people in the BAA just wouldn't be realistic." Cloney subsequently resigned both positions.

"I'm sorry we wasted four years," he said Monday. "I hope the race can be restored to the stature it enjoyed up to four years ago. We've lost an awful lot of ground and I just hope the race can make it up." (AP, UPI)

USFL Faces Another 14 Months in Limbo

New York Times Service

NEW YORK — Well before the United States Football League's third championship game Sunday, the question was not what's the point spread; it was what's the fall and winter?

Ever since the USFL intruded on springtime sports, that issue has been the story of its life. And Sunday night's big question was not whether Oakland would dominate the defending-champion Baltimore Stars, but rather, was that game the USFL's death rattle?

Or would the USFL somehow survive and resume in the fall of 1986 in direct competition with the National Football League?

The answer, like so many others this spring, was still provided in a courtroom — the verdict on the USFL's \$1.2 billion antitrust suit against the NFL that is expected to begin next February with a federal jury trial.

Harry Usher, the USFL commissioner, talks bravely about how the loss of the antitrust case "would not spell the end of the league." But without a favorable verdict, the USFL would have less reason than it does now to continue.

Were the USFL to win its case (charging the NFL with preventing it from having obtained a 1986 network television contract), it would be alive and well as never before. The jury could award damages worth millions, possibly a billion. Judge Peter Leisure also might order the networks to negotiate a USFL contract. Or the NFL might be willing to absorb, say, four to eight USFL teams.

Until that case begins, the 'L' in USFL stands for limbo, not league. But for football, even limbo is better than springtime.

In a nationwide poll of 1,000 people commissioned by the USFL, the league received favorable responses on most issues. But as with any poll, its answers were only as valid as the opinions of the people polled. Of the 700 who acknowledged being either very interested

or somewhat interested in football, 33 percent didn't even know that the USFL had been playing its games in the spring. Another four percent thought it was in the fall and winter.

That prompts two questions not asked in the poll: How really interested are those people in football? And how valid are their opinions?

Now all that's needed is to know that the USFL finances are shaky. Over its three seasons, its club owners have lost about \$150 million. And with ABC withholding \$7 million in television fees — which has provoked another USFL lawsuit — the league treasury is searching for \$2.8 million in postseason bonus money owed to the players on playoff teams.

"We're trying," Usher says, "to work it out."

Four teams did not fulfill their player payrolls this season — San Antonio (the last four games), Houston (the last two games), Tampa Bay and Portland (each the final game).

Although three franchises — Memphis, New Jersey and Orlando — had increased attendance figures, the average announced attendance dropped to 24,494, down nearly 3,000 from last year. The league's TV ratings were down more than 30 percent.

Support for Usher by some club owners has also dwindled. When he was hired last February as Chet Simons' successor, Usher was hailed for his administrative work on the Los Angeles Olympic Organizing Committee, to negotiate a USFL contract. Or the NFL might be willing to absorb, say, four to eight USFL teams.

Until that case begins, the 'L' in USFL stands for limbo, not league. But for football, even limbo is better than springtime.

When the commissioner did attend games, he sometimes sounded more like a fan than a neutral administrator. During the first half of New Jersey's 20-17 playoff loss to Baltimore, he was heard to exhort Donald Trump's team by saying,



Against Oakland on Sunday, Gary Worthy of Baltimore gained some of the USFL's last yardage until the fall of 1986.

other club owners. Usher's three-year contract extends through Feb. 1, 1983.

At halftime during a Los Angeles Express game this season, he had a suggestion for Don Klosterman, then the president and general manager of the Express. "Tell your coaches," the commissioner was heard to say, "to blitz your linebackers more."

Trump enthusiastically endorsed Usher's hiring. But lately the General's owner has been touting Earl Foreman, the commissioner of the Major Indoor Soccer League, to

begin a new career — a gamble that, with luck, might bring him an eighth of McMenemy's windfall.

Worthington is moving to Tranmere Rovers, a club in the shadows of Liverpool's giants and, again, industrial depression. He will play for, and manage, a team whose an-

Two English Managers Put Their Images to Work

International Herald Tribune

LONDON — "I get players that possibly no one else will touch. They've had AIDS, herpes, shingles, knock-knees and flat feet. But I get them to play a bit extra for me, and not cost the club a lot of money."

Those modest words amounted to the acceptance speech last week of an Englishman whose terms for managing a soccer club fell on hard times include half a million pounds in salary over three years, a seat on the board, a coaching job for his faithful back-up man and a post looking after the youth team for his son.

All that in an area Lawrie McMenemy should know, since the club lies in his native county, suffering the highest unemployment in the British Isles. Yet rather thanresent, the people of Sunderland — some of its people — are welcoming McMenemy as the new messiah.

"I'm very proud to have landed the best manager in the United Kingdom," breathed Chairman Tom Cowie, a millionaire car dealer who has sacked three managers in his five years as Sunderland AFC's Mr. Big. "The man is magic. Everybody loves him. He has charisma, ability, great personal charm. He won't just be manager, but a director too. And he'll wind up managing director. If the supporters back him, Sunderland will become one of the best teams in the world."

Image projection is paramount. McMenemy learned the rudiments as a Coldstream Guardsman at Buckingham Palace, where he drew himself to his full 6-foot-4 (1.93 meters) and "preened myself like a peacock."

Frank Worthington has a different style, but image projection all the same. Worthington, whose only known physical defect was low blood pressure, was once a player employed by McMenemy at Southampton.

Although almost opposites talents, Big Mac and Big Frank are among soccer's best projected personalities. McMenemy, who never collected a paycheck for kicking a ball, talks a magnificent game and talks others into performing. Worthington was endowed with rare fitness on the ball and a winning way with nightclub ladies.

British soccer is, and was, about runners who carry out orders rather than follow their own instincts. This week Worthington also

began a new career — a gamble that, with luck, might bring him an eighth of McMenemy's windfall.

Worthington is moving to Tranmere Rovers, a club in the shadows of Liverpool's giants and, again, industrial depression. He will play for, and manage, a team whose an-

text continues on page 21.

ROB HUGHES

beginning is to stay clear of both the liquidator and the bottom of the Fourth Division.

Should Worthington ask McMenemy's advice, it might begin, "Don't do as I do." But where McMenemy must envy the skills of others, Worthington may never truly understand why full-time professionals cannot master the ball.

In their year together, McMenemy will have seen Worthington's love for soccer and the deep mind beneath the player's blase image. Now, in changing circumstances, Worthington will come closer to two things that annoy him: the manager as a cult figure and the need, as managers see it, to grind out results ahead of entertainment.

To be sure, he will set out to win with style. All managers talk about that. McMenemy, more than most, buys players to turn on the style, although his bold media front often camouflages blunter truths.

One afternoon last November, for example, six of his men were booked, four for what were described as "softening up" tackles." McMenemy gathered in the press and said: "There were no back tackles, no one was carried off. My lads deserved the result because of their resilience and battling."

Worthington, now 36, will run into plenty of that down among the hackers. I hope he doesn't compromise his beliefs too quickly.

On a good day, Tranmere pulls in 1,500 spectators. Many will be there because they recall Worthington's flights of fantasy.

My favorite was against Ipswich. Worthington had his back to the goal, 20 meters out. Once, twice, he flicked the ball up to knee height before arching his back and lofting the ball overhead past an astonished goal-keeper. Graceful for anyone, for a man over six feet tall, quite unbelievable.

I wonder if McMenemy (or Worthington for that matter) has had time to reflect on the man in 1983 who offered daily prayers to St. Jude on behalf of the Southampton manager.

St. Jude? "Well, Mr. McMenemy," the good lady replied, "he's the champion of lost causes."

I wonder if McMenemy (or Worthington for that matter) has had time to reflect on the man in 1983 who offered daily prayers to St. Jude on behalf of the Southampton manager.

McMenemy — Normal Chris Manschach acting general manager.

TORONTO

OBSERVER**Service With a Snarl**

By Russell Baker

NEWS YORK — The United States now has a service economy.

This is why the service you get is even worse than the service you got in the last economy we had, which was a throwaway economy.

In a throwaway economy, service is so rotten that people with things that need service are jerked at if they try to obtain service instead of throwing the stuff away.

The new service economy carries things one step further. In this type of economy, you, as the customer, are expected to double as the service department for the company that's taking your money.

Almost everybody must now know about the telephone service. Those who don't are lucky.

The exciting idea behind the new service is to make the customer install his own telephone. It used to be that when a customer ordered a phone the company paid somebody to install it, then charged the labor cost to the customer. Now the customer not only has to install it himself, he has to pay the company for doing its work for it.

Obviously I am irrational on this subject.

You'd be irrational, too, if you had flunked out of MIT for failing doorbell installation 101 and then, late in life, had been charged exorbitantly for the privilege of learning to install your own dandy new Touch-Tone telephone and — despite a dozen puncture wounds — had finally got the thing booked up only to discover that the wire in your house was incompatible with the Touch-Tone phones, with the result that — with the result that the dandy new phone had to be undone, sent back to the shop as useless, and replaced by a rotary-dial phone, which had to be reinstalled at a cost in time, patience and life force that —

Do I sound as though I am coming unglued? This is what the service economy does to people.

The explanation lies in the service economy's nature. In a service economy there is little interest in manufacturing. Making things, in fact, has become a nuisance to American business because of high labor costs and other costly social, tax and economic complications

involved in the manufacturing business in the United States.

So American business goes abroad and hires cheap foreign labor to provide more and more of U.S. consumer goods and the raw materials that go into them.

Very quickly, traditions that once created pride in workmanship fade and die. Industrial America becomes not so industrial anymore, but more just an importer and marketer of foreign goods. Cynicism about the product as junk becomes widespread.

Financial markets, with their skittish daily judgments of what is valuable, begin to dominate corporate thought. The need to improve the corporate stock performance each quarter lessens the long-range importance once assigned to planning for growth and long-term improvement, and intensifies management's urge to make money, more and more money, at whatever cost in everything else.

Increasingly, top management jobs go not to people who know how to run airlines, make cars or build better light bulbs, but to those who know how to manipulate Wall Street, play the tax game so they can show even more profit next quarter, or finagle big bucks out of the Pentagon.

There are a lot of ways to make money that have nothing to do with producing a useful product or service. There is the Wall Street merger game. Or you can take advantage of the tax law's freakishness and turn footloose enterprises into hefty profits. Some companies even use bankruptcy for profit.

So we get the service economy. It makes very little that's useful. Blockbuster movies, best-selling books, junk food, TV mini-series, summer football exploitations — junk. And it provides no very useful services unless you think it useful to have accountants to wrestle with the tax authorities and lawyers to sue your doctor and your news-paper.

If the business community views the market as a junk bazaar, it's probably natural for service to disappear. Only fools want service for junk. Yet some services remain essential. That is why we have ended up with telephone companies that charge us for doing their work.

New York Times Service

By Howard G. Goldberg
New York Times Service

HERE is at least one wine maker in each of the United States's 1,246 wineries. Only a handful of them are women. That picture, however, is changing.

Noel V. Bourasaw, publisher of The Northwest Wine Almanac, a monthly newspaper, said: "I wouldn't be surprised if in the 1990s a third of the West Coast wine makers were women."

At many wineries, especially larger ones, individuals with the title "wine maker" enjoy the power and the glory. They are the basic decisions that may make or break a business. They are served by assistant wine makers, enologists and laboratory personnel, whose ranks are increasingly being filled by professionally educated and trained women, especially on the West Coast. Some women have quit wineries to run their own operations.

Depending on the size of the winery, wine makers may do some or all of the following: decide what kinds of wines will be produced (for example, chardonnay, cabernet sauvignon, merlot, chenin blanc) and in what proportion; and what styles are preferred (dry, neutral, delicate, hearty, complex, simple).

They also determine the degree of fruitiness and alcohol in the wines. The wine maker oversees the cultivation of the grapes as well as the picking, crushing, fermentation, pressing, racking (separation of solids from new wine), filtering, barrel aging, blending and timing of bottling.

Women are highly visible in winery and vineyard management, marketing, public relations, education, counter sales and as sommeliers. Why are so few of them wine makers?

One explanation is discrimination. Another, said Dr. Cornelius S. Ough, chairman of the enology and viticulture department at the University of California at Davis, is that the American wine-industry boom is fairly new.

In 1965 the first woman received a bachelor of science degree in enology at Davis, widely regarded as the finest U.S. program in that field. The graduate, Mary Ann Graf, was wine maker for six years at the Simi Winery in Sonoma County. She is believed

to be the first modern American woman wine maker not to own a winery.

Statistics are hard to find, but records of the Wine Institute, a California trade association, indicate that in its 496 member wineries perhaps fewer than 20 women who are not owners are employed as wine makers. A directory of wineries published by Wines and Vines, an industry monthly, suggests that in 1984 there were about three dozen nationwide. Leon Adams, author of "The Wines of America," said that figure was probably about right.

By most accounts the No. 1 success story is Zelma Long, 41, Simi's wine maker and a vice president of the company. She entered the wine business in 1970, after two years at Davis — she was the second woman in the enology program — when Mike Grich, the Robert Mondavi Winery's enologist, offered her a permanent part-time job as a laboratory technician record-keeper.

In New York state, wines produced by 26-year-old Ann Raffetto at Wagner Vineyards in Lodi, in the Finger Lakes region, have been well received, consistently scoring high marks in tast-



Ann Raffetto/The New York Times

ings, especially in New York City.

Many women attracted to winemaking in the early 1970s ran head-on into discrimination in job interviews, said Merry Edwards, 38, wine maker and a partner at Merry Vintners in Sonoma. A 1973 Davis graduate, she recalled that an attitude at male-dominated wineries was: "What's

a sweet young thing like you doing in a place like this?" What she was doing was seeking an opportunity not to spend years as a laboratory assistant, analyzing wine samples from tanks. It arrived: She became sole wine maker at Mount Eden Vineyards in Matanzas Creek Winery.

ough, at Davis, when told about Edwards' job-seeking experience, said: "We post jobs on a board, and 10 to 15 years ago a few wineries said, 'Don't send us a woman.' So we didn't post the job, and we told the wineries, 'We can't accept this.' As time went on, employers discovered that women were strong enough to do it."

Women constitute about 25 percent of the 154 undergraduates in the Davis department, which has 14 faculty members, four of them women. At California State University at Fresno, which has the second largest U.S. enology program, 16 women are undergraduates.

Zelma Long is reputed as an experimenter and innovator. Her wines, which steadily undergo style changes, have drawn praise. Chardonnay and riesling produced at the small (3,000 cases) Long Vineyards, which she operates with her former husband, Robert, are so popular that these are waiting lists for them.

"There are a lot of women assistants poised on the edge of be-

coming wine makers — it's just a matter of time," she said. Long attributed her prominence partly to having been twice in expanding businesses at the right time — at the prestigious Mondavi winery when Mondavi was aggressively promoting wine, and at Simi, which in 1981 was bought by the French conglomerate Moët-Hennessy. The former owner, Schieffelin & Co., which Moët bought, had asked her to oversee a three-year, \$5.5-million program of expansion and renovation, and Moët kept her in charge. In 1984, Simi produced 150,000 cases of five varietals.

Ann Raffetto felt her destiny lay in the Finger Lakes rather than her native California, where many fellow Davis students stayed, creating heavy competition for better jobs. In 1981, after graduation, she took a harvest job at Glenora Wine Cellars in Dundee, New York, as a "cellar rat" — a functionary who shoulders hoses, cleans the grape press, monitors fermentation and sanitizes tanks.

In 1983, she and John L. Herbert, 35, were hired as co-wine makers by the small, growing Wagner Vineyards. Since then Bill Wagner, the proprietor, gave them full, shared responsibility for every step of the operation, from determining when to harvest through deciding when wine was to be released for sale.

For Raffetto, "the fun is in figuring and altering a style of wine, in designing methods of production — in not working by formula, as larger wineries are forced to do." In 1984, she and Herbert produced 18,000 cases involving 10 varieties and five blends.

No woman has ever been president, vice president or secretary-treasurer of the 2,500 member American Society for Enology and Viticulture, the wine makers' professional organization, according to Mike S. Nury, the enologist who left as president last month. Susan Read, quality control manager at Canard-Ligout Wine Co. in Upstate New York, is to become chairman of the society's eastern section. Women are board members of the society, Nury said — adding that the board members run the society — but none has ever won the group's annual merit award.

PEOPLE**Second Puerto Rican Named Miss Universe**

Deborah Carthy-Deu of Puerto Rico has been named Miss Universe 1985, winning \$175,000 in cash and prizes and a movie screen test. Carthy-Deu, 19, who majors in theater at the University of Puerto

Rico, is the second woman from Puerto Rico to win the Miss Universe title. Marisol Malaret won in 1970. Miss Spain, Teresa Sanchez, 20, was second. Miss Zaire, Benita Mureka, 18, came in third.

□

Miss Universe 1985.

Rico, is the second woman from Puerto Rico to win the Miss Universe title. Marisol Malaret won in 1970. Miss Spain, Teresa Sanchez, 20, was second. Miss Zaire, Benita Mureka, 18, came in third.

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Uli Derickson, the purser aboard the TWA flight hijacked by Beirut, used her personal credit card to finance the jet's flights between Algeria and Lebanon, airline officials say. Newsweek magazine quotes the TWA pilot, Captain John Testrake, as calling the incident "the most bizarre episode" of the hijacking. Testrake said when the hijacker demanded that the jet be refueled at Algiers, airport officials refused because TWA did not have a charge account with them. When an airport crew member began shouting for a Shell oil company credit card, Derickson pulled out of her purse and the Algerians used it to charge 6,000 gallons (\$27,200 liters) of fuel. The same thing happened when the plane returned to Algiers from Beirut, Testrake said. Derickson, who was praised for her heroism during the hijacking, wound up with about \$11,000 dollars in charges. A TWA spokeswoman confirmed the incident and said the airline would pay Derickson's bill.

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